Implications of the **Uruguay** Round **Agreements** for **Agriculture** and **Agribusiness Development** in Bangladesh









Table of Contents

Execu	ıtive Summary	ix
I.	Introduction	1
	Nature and Scope of the Study	1
II.	Basic Provisions of the Uruguay Round Agreement on Agriculture	2
	Market Access	3
	Export Subsidies	3
	Domestic Support	4
III.	Bangladesh's URAA Commitments	4
	Commitments on Market Access: Tariffs and Nontariff Barriers	5
	Commitments on NTBs and Existing NTBs	5
	Commitments on Tariffs	7
	The UR-Bound Tariffs and Current Operative Ones	9
	Commitments on Export Subsidies	
	Export Incentives Providing Subsidies During the 1986-88 Period	
	Duty Concession on Machinery Imports	13
	Export Credit Guarantee	
	Commitments on Domestic Support to Agriculture	
IV.	Trends in Bangladesh's Agricultural Trade	
	Trends in Agricultural Imports and Exports	
V.	Bangladesh's Trading Partners and Their URAA Commitments	
	Bangladesh's Trading Partners	
	URAA Commitments of Bangladesh's Trading Partners	
	URAA Commitments of Organization for Economic Co-Operation and Development	
	Countries	27
	URAA Commitments of South Asian Countries	
	URAA Commitments of Selected Countries for Agricultural Inputs	
VI.	Implications of the Uruguay Round Agreements	
	General Impact on Developing Economies	
	Short-Run Impact	
	Long-Run Impact	
	Implications for Bangladesh	
VII.	Summary, Conclusion, and Policy and Technical Recommendations	
	Summary and Conclusion	
	Policy and Technical Recommendations	
Bibli	ography	

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Preface

This paper analyzes the implications of the Uruguay Round Agreements for Bangladesh agriculture and agribusiness development with a special focus on processed cereals and dairy products, edible oils, poultry products, fruits and vegetables, fertilizers and agriculture machinery. Opportunities opened by the Uruguay Round Agreements are assessed. The paper concludes that Bangladesh should invest in building human capital and market infrastructure and information system to derive full benefits resulting from the opportunities opened by these agreements.

The draft paper was presented at the Round Table Conference on the Consequences of the Uruguay Round Agreement for Bangladesh Agriculture in Dhaka, Bangladesh in July 1999. The Round Table was organized by the Ministry of Agriculture, Government of Bangladesh, with support from UNDP, FAO, and USAID. Comments received at the Round Table are reflected in the paper.

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List of Tables

- Table 1. The General Agreement on Tariffs and Trade Negotiating Rounds
- Table 2. Bangladesh's UR-Bound Tariffs for Agricultural Products and 1994/95 Actual Operative Tariffs
- Table 3. Frequency Distribution of Bangladesh's Committed Tariffs (Excluding License Fee) on Agricultural Products
- Table 4. Frequency Distributions of UR-Bound Tariffs and Actual Tariffs at 6-Digit Level
- Table 5. Official and Wage Earner's Scheme (WES) Exchange Rate, 1986-90
- Table 6. Official, WES, and Shadow Official Exchange Rates, 1986-88
- Table 7. Export Performance Benefit (XPB) Received by Selected Agricultural Products (Taka/US\$)
- Table 7A. Fertilizer Subsidies
- Table 8. Broad Groupings of Primary and Processed Agricultural Products
- Table 9. Global and Developing Countries' Trade in Agricultural Products, 1993-97
- Table 10. Some Broad Features of Bangladesh's Trade in Agricultural Products
- Table 11. Imports of Agricultural Products
- Table 12. Exports of Agricultural Products
- Table 13. Imports of Primary Agricultural Products by Major Country Source: In Percent
- Table 14. Imports of Processed Agricultural Products by Major Country Source: In Percent
- Table 15. Exports of Primary Agricultural Products by Major Country Destination
- Table 16. Exports of Processed Agricultural Products by Major Country Destination
- Table 17. Tariff Reductions on Agricultural Products (Percent Reductions, Simple Average)
- Table 18. Overview of Tariff Reduction Commitments by Major Product Categories (Simple average of percentage reduction)
- Table 19. Export Subsidy Reduction Commitments by Selected Countries (US \$ Million)
- Table 20. Export Subsidies: Aggregate Quantities and Reduction Commitments of OECD Countries for Selected Commodities
- Table 21. Tariffs on Fertilizers and Agricultural Machinery in Selected Countries
- Table 22. Global Fertilizer Prices
- Table 23. Pre- and Post-UR Scope of Bindings for Agricultural Products (Number of Tariff Lines, Import Values, and Respective Percentages)
- Table 24. OECD: Annual Growth in Agricultural Trade, 1980/82 to1990/92
- Table 25. OECD: Growth in Trade of Selected Commodity Groups, 1980/82 to1990/92
- Table 26. World: Commodity Prices and Price Projections

List of Figures

Figure 1. Comparison of UR-Bound and Actual Tariffs for 75 Six-Digit Tariff Lines, 1998/99.

List of Matrices

- Matrix A. Uruguay Round Agreement on Agriculture (URAA): Basic Provisions.
- Matrix B. An Assessment of Bangladesh's URAA Commitments, 1985/86-1987/88 and 1994/95-1996/97.

List of Acronyms

AMS aggregate measure of support

BADC Bangladesh Agricultural Development Corporation

BBS Bangladesh Bureau of Statistics

BSTC Bangladesh Standard Trade Classification

DDCs Developed Countries
DVCs Developing Countries
ERP effective rate of protection

EU European Union

FAO Food and Agriculture Organization of the United Nations

GATT General Agreement on Tariffs and Trade

GOB Government of Bangladesh

GSP Generalized System of Tariff Preferences

HS Harmonized System

IFDC International Fertilizer Development Center

IMF International Monetary Fund

ISMOF Institutional Support to the Ministry of Finance

LDC Least Developed Countries

L/C letter of credit
MFN most favored nation
NTBs nontariff barriers

OECD Organization for Economic Co-Operation and Development

QRs quantitative restrictions
RBD refined bleached deodorized
SAPs structural adjustment programs

SITC Standard International Trade Classification

SPS sanitary and phyto-sanitary SSG Special Safe Guards

TCB Trading Corporation of Bangladesh

TIP Trade and Industrial Policy Reform Program

UN United Nations UR Uruguay Round

URAA Uruguay Round Agreement on Agriculture

USAID United States Agency for International Development

WES Wage Earner Scheme
WTO World Trade Organization
XPB Export Performance Benefit

Implications of the Uruguay Round Agreements for Agriculture and Agribusiness Development in Bangladesh

Executive Summary

I. Introduction

The Uruguay Round (UR) was the eighth round of the General Agreement on Tariffs and Trade (GATT) initiated in 1947. It was one of the longest and yet unique rounds. The negotiations under this round were initiated in 1986 and concluded in 1993, and agriculture was included for the first time under the GATT rules. The commitments for reducing tariffs, export subsidies, and domestic support to agriculture for various country groups under the Uruguay Round Agreement on Agriculture (URAA) are briefly summarized in Matrix A. It is important to note from this matrix that while developing and developed countries are required to reduce: (1) tariffs (24% to 36%), (2) export subsidies (24% to 36%), and (3) domestic support to agriculture (13% to 20%), the least developed countries, such as Bangladesh, have been exempted from these reduction commitments.

II. Nature and Scope of the Study

The main objectives of this study are: (1) to assess Bangladesh's URAA commitments with the prevailing situation during 1986-88 and 1995-97 and (2) to analyze the implications of the URAA and other related agreements for agriculture and agribusiness development in Bangladesh. The study focused on seven commodity groups, namely, processed cereals, edible oils, poultry products, processed dairy products, fruits and vegetables, fertilizers, and agricultural machinery. In addition, provisions dealing with primary products and trends in agricultural trade are also analyzed to provide the necessary background for the selected commodity groups. The analysis of trends in agricultural trade is confined to the commodities included in the URAA, which excludes jute products, fish, and fish products.

III. Bangladesh's URAA Commitments

Bangladesh's URAA commitments and the actual situation prevailing in 1986-88 and 1995-97 are summarized in Matrix B. According to Bangladesh's URAA commitments, no quantitative restrictions are imposed on the import of the seven commodity groups nor is any export subsidy or domestic support to agriculture provided. Except for fertilizers and agricultural machinery, bound tariffs declared are 200%. For agricultural machinery and fertilizers (except superphosphates), bound tariffs are 0%. In contrast to bound tariffs, actual tariffs on five of the seven commodity groups were significantly lower during both time periods—1986-88 and 1995-97. The commitments on quantitative restrictions, export subsidy, and domestic support are also consistent with the actual situation for all commodity groups except table eggs. The import of table eggs during the 1995-97 period was fully banned.

Bangladesh provides minimal domestic support to agriculture and agribusiness. No direct price-distorting subsidies are provided to exports of primary and processed commodities. Indirect support to commodity exports is also minimal and consistent with URAA provisions. In fact, Bangladesh can and should use the Green Box measures and other exemptions of the URAA to promote sound agriculture and agribusiness development in the country. Although existing direct and indirect subsidies on fertilizers are consistent with the URAA, Bangladesh needs to reassess the natural gas pricing subsidy for the fertilizer industry if it wants to capture the potential market for urea in the Asian region.

IV. Bangladesh's Trading Patterns and Partners

Bangladesh has a tiny share (0.1%) in the global trade and agriculture contributes a small share (12%). Most of its agricultural trade is dominated by imports (over 90%). Agricultural exports contribute roughly 2% to the total exports and are overshadowed by primary products—tea and vegetables (98%) exported mainly to Poland, Pakistan, United States, United Kingdom, Saudi Arabia, the former Soviet Union, and Singapore. Bangladesh exported virtually nothing in recent years in the form of processed agricultural products and, worse still, whatever little was exported had been declining over time. On the import side, edible oils, dairy products, and fruits and vegetables account for approximately 95% of the import of processed agricultural products. The main trading partners are Argentina, Brazil, and Malaysia for edible oils; India, Bhutan, and Iran for fruits and vegetables; and Australia, New Zealand, Denmark, the Netherlands, and Poland for dairy products. In recent years, preferential duties on imports from Bhutan have encouraged import of processed fruits and fruit juices from Bhutan and from other countries via Bhutan.

V. Implications of the URAA

Being a least developed country (LDC), Bangladesh is exempted from reduction commitments on tariffs, export subsidies, and domestic support to agriculture under the URAA. Nevertheless, from the URAA perspective, Bangladesh's trading environment is generally distortion free for the seven commodity groups included in this study. Because Bangladesh has liberalized its foreign trade at a faster pace than what is implied by the URAA, the country's URAA commitments on tariffs are unlikely to have any significant impact on its trade because actual (operating) tariffs for most commodities are much lower than bound tariffs.

Reductions in tariffs, export subsidies, and domestic support to agriculture in the developed and developing countries, especially Bangladesh's trading partners, may open opportunities for both import substitution and export promotion in Bangladesh. However, it is unlikely that Bangladesh can benefit significantly in the short run from such opportunities because Bangladesh's existing export trade is insignificant in processed products for which domestic and global markets are growing rapidly (4%-9%/year).

The URAA may open opportunities for import substitution of edible oils and dairy products if global prices of these commodities increase significantly in the future. Likewise, Bangladesh may benefit from exports of agroprocessed products, especially fruits and vegetables, provided it takes a "proactive" policy approach to develop the agroprocessing sector by instituting suitable measures for technology transfer, market research, infrastructure development, and enabling policy environment. In this context, concessional imports coming from Bhutan need reassessment.

VI. Policy and Technical Recommendations

Policy and technical recommendations resulting from the study are divided into two groups. The first group includes policy and technical recommendations related to the Uruguay Round Agreements, and the second group deals with the policy and technical measures necessary for developing agriculture and agroprocessing in the country.

1. Policy and Technical Recommendations Related to the URAAs

- a. Tariff bounds declared in the UR schedules are unnecessarily high and should be reduced to more realistic levels, e.g., 50%, for all commodities except poultry products for which the tariffied rate in place of quantitative restrictions may be higher. Moreover, to encourage the production of agricultural inputs in the country, tariff bounds on fertilizers and agricultural machinery could be raised from zero percent to 50%.
- b. The remaining quantitative restrictions on agricultural trade should be tariffied.
- c. Institutional capacity for dealing with World Trade Organization (WTO)-related measures should be strengthened with the Ministry of Agriculture and the Ministry of Commerce.

- d. Because many LDCs and developing countries were not well prepared to submit their URAA commitments, these countries should be allowed to revise their commitments during the next round of multilateral trade negotiations.
- e. The URAA has exempted input subsidies targeted to low-income or resource-poor farmers. Because most small farmers are low-income or resource-poor farmers in the LDCs, the WTO should allow the exemption of subsidies on agricultural inputs from domestic support reduction commitments in such countries.
- f. Investment in irrigation infrastructure is essential for the adoption of new technologies and the promotion of agricultural growth in developing countries. Since irrigation infrastructure is a public good, investment for developing irrigation facilities should be excluded from the aggregate measure of support (AMS) calculations.

2. Policy and Technical Recommendations Related to Agriculture and Agribusiness Development

Agroprocessing in Bangladesh is at its infancy and requires support for development so that the country can benefit from the opening of markets for processed goods, especially fruits and vegetables, in the developed and developing countries. To support the development of agribusiness, the following measures should be taken.

- a. The Ministries of Agriculture and Commerce should develop market intelligence and market information systems to identify 'niche' markets for primary and processed fruits, vegetables, and other products exportable from Bangladesh. A special cell may be created in the Ministry of Agriculture and in the Export Promotion Bureau of the Ministry of Commerce for this purpose. The information about potential markets should be freely and regularly disseminated to interested entrepreneurs.
- b. The Government of Bangladesh (GOB) should make URAA-consistent investments in developing marketing infrastructures—facilities for grading, packaging, storage, and transportation—for reducing transaction costs of exports and in providing additional cargo space for exporting fruits and vegetables.
- c. GOB should reassess the need for subsidizing fertilizers for two reasons. First, fertilizer subsidies were introduced when global fertilizer prices were high—over \$200/ton of urea. Currently urea is selling at less than \$80/ton in the global market. Second, Bangladesh has a potential to capture the captive urea market in the region. To realize that potential in a manner that is consistent with WTO rules, Bangladesh may not be able to subsidize natural gas price to the fertilizer industry.
- d. Concessional imports of processed fruits and vegetables coming from Bhutan should be reexamined for two reasons. First, it distorts the tariff structure and incentives for domestic production. Second, it creates incentives for other countries to channel their exports through Bhutan. In such indirect trade, Bangladesh does not benefit from the reciprocity of bilateral trade agreements.
- e. The existing differential tariff rates, though consistent with the URAA, creates anomalies for the agroprocessing sector. Under the existing tariff structure, GOB charges lower tariffs on intermediate products and higher tariffs on finished products. Since many of the finished products, such as paper, plastics, etc., are used as inputs, such a tariff adds to the cost of production and makes domestically produced products less competitive. GOB should over time minimize the dispersion in tariffs and eventually move to a uniform tariff rate structure.
- f. The availability of finance seems to be a critical constraint to promoting agroprocessing investments. The access to institutional finance should be improved by creating special funds for long-term investment in agribusiness and by providing support to agribusiness dealers in project preparation and loan applications.
- g. Many small and medium business enterprises need training and technical assistance to develop the agroprocessing sector. GOB, in cooperation with donors, should arrange for such training and technical assistance and facilitate the transfer of technologies from developed and developing countries to Bangladesh.

Matrix A

	Uruguay Round Ag	reement on Agriculture	e (URAA): Basic Prov	isions
	Provisions	Developed Countries (DDCs)	Developing Countries (DVCs)	Least Developed Countries (LDCs)
I.	Market Access Commitments			
1.	Convert all NTBs (nontariff barriers) into tariff-tariffication	Yes	Yes	Yes
2.	Bind all tariffs	Yes	Yes	Yes
3.	Reduce all tariffs (existing and NTB-related)	average 36% over 1995- 2000 with a minimum of 15% for each tariff line	average 24% over 1995- 2004 with a minimum of 10% for each tariff line	Exempt
4.	Increase share of imports in domestic consumption (1986-88 base)	3%-5% (1995-2000)	3%-5% (1995-2004)	3%-5% (1995-2004)
5.	Special Safe Guards (SSG)	Yes	Yes	Yes
II.	Export Subsidies			
1.	Ban on new export subsidies and freeze in existing subsidies	Yes	Yes	Yes
2.	Reduce volume of subsidized exports (base: 1986-90)	21% (1995-2000)	14% (1995-2004)	Exempt .
3.	Reduce expenditure on export subsidies (base: 1986-90)	36% (1995-2000)	24% ^a (1995-2004)	Exempt
III.	Domestic Support			
II .	duce aggregate measure of support MS) (base: 1986-88)	20% (1995-2000)	13.3% ^b (1995-2004)	Freeze at 1986-88 level
IV.	Green Box Provisions	Applicable	Applicable	Applicable
v.	Blue Box Provisions	Applicable	Applicable	Applicable

a. Subsidies on marketing and transporation costs are excluded.

Source: WTO (1995).

b. Input subsidies for poor farmers, investment subsidies, and diversification subsidies are exempt.

Matrix B

An Assessment of Bangladesh's URAA Commitments, 1985/86-1987/88 and 1994/95-1996/97

	UR	UR Schedul	ules (Reported)	(þ:	Ac	tual, 198	Actual, 1985/86-1987/88	.88	Acı	tual, 199	Actual, 1994/95-1996/97	76,
Product Group	Tariff Bound	QRs	Export Subsidy	AMS	Tariffs	QRs	Export Subsidy	AMS	Tariffs	QRs	Export Subsidy	AMS
•	(%)		(\$ SN)	(\$ SN)	(%)		(US \$)	(US \$)	(%)		(\$ SN)	(\$ SN)
Cereals (processed)	200	None	0	0	30-100	Noa	0	0	7.5-60	No	0	0
Edible oils	200	None	0	0	50-100	ON	0	0	09-08	oN	0	0
Poultry products	200	None	0	0	09	oN	0	0	45	Yes	0	.0
Dairy products (processed)	200	None	0	0	2-60	oN	0	0	30-45	No	0	.0
Fruits and vegetables	200	None	0	0	100	No	0	0	7.5-60 ^d	No	ъ0	0
Fertilizers	0-50 ^f	None	0	0	0	No^{g}	0	0	0	No	0	0
Agricultural machinery	0	None	0	0	09	No	0	0	0	No	0	0
a. Monopoly of the Trading Corporation of Bangladesh (TCB) b. Import of table eggs is restricted.	Orporation ricted.	of Bang	ladesh (TC)	B).								

c. No duty on import of equipment. d. Imports from Bhutan bear lower duties.

e. Storage and air freight are subsidized for exports, but these subsidies are exempted under URAA. f. 50% superphosphates; 0% duty on all other fertilizer products.

g. Monopoly of the Bangladesh Agricultural Development Corporation (BADC).

QR = Quantitative Restriction; AMS = Aggregate Measure of Support

Source: Derived from data in Annex B and Annex F.

Implications of the Uruguay Round Agreements for Agriculture and Agribusiness Development in Bangladesh

I. Introduction

The Uruguay Round (UR) was the eighth round of the General Agreement on Tariffs and Trade, or commonly known as GATT, initiated in 1947 (Table 1). The overall goal of these negotiations had been to create a more liberal and transparent environment for international trade by reducing or eliminating tariffs and quotas on imports and exports of goods and services in the multilateral trade arena. Consequently, tariffs on imported goods have been declining over time, and more and more countries have reduced tariffs and quotas on an increasing number of manufactured goods.

Table 1. The GATT Negotiating Rounds

Round	Date	Number of Member Countries
Geneva	1947	23
Annecy	1949	33
Torquay	1950	34
Geneva	1956	22
Dillon	1960-61	45
Kennedy	1962-67	48
Tokyo	1973-79	99
Uruguay	1986-93	118

Source: FAO [1998].

The Uruguay Round is one of the longest, and yet unique and comprehensive, rounds. The negotiations under this round were started in 1986 and concluded in 1993; disagreements on commitments on tariffs and subsidies on agricultural commodities among different countries prolonged these negotiations for an additional 3 years after 1990. It is unique because agriculture was included for the first time for reducing tariffs and quotas on agricultural imports. Under all previous

rounds, agricultural policies were considered too sensitive for food security reasons to be negotiated with other countries, but growing grain surpluses and increasing subsidy burdens of the mid-1980s motivated Organization for Economic Co-Operation and Development (OECD) countries to reassess protectionist policies of the post-war era. It is comprehensive because it includes agreements in several areas, including services and intellectual property rights, and led to the creation of the WTO for ensuring the implementation of various agreements on tariffs and trade.

Although agreements under all areas will have implications for agriculture and agribusiness in Bangladesh, agreements on agriculture are expected to have significant implications and, therefore, are analyzed in greater detail in this study.

Nature and Scope of the Study

The main objective of this study is to analyze the implications of the URAA and other related areas on agriculture and agribusiness. This study is a part of the joint Food and Agriculture Organization of the United Nations (FAO)/IFDC study on the implications of URAA for agriculture and agribusiness in Bangladesh. Consequently, the commodity coverage has been divided between the two studies as follows.

- IFDC Study—Processed cereals, edible oils, poultry products, processed dairy products, fruits and vegetables, fertilizers, and agricultural machinery.
- FAO Study—Cereals, oilseeds, pulses, dairy products (milk), sugarcane and sugar, tea, seeds, and fisheries and livestock (sanitary and phyto-sanitary [SPS] issues only).

Nevertheless, to provide the necessary background and context for the various issues involved in understanding the implications of URAA on processed commodities, fruits and vegetables, and agricultural inputs selected for the IFDC study, provisions dealing with primary agricultural products and trends in agricultural trade are also analyzed.

This report is divided into seven sections. The next section deals with the basic provisions of the URAA and related areas for various country groups and briefly summarizes the likely impact of these agreements on world agriculture, in general, and developing-country agriculture, in particular. Section III analyzes Bangladesh's commitments on tariffs, nontariff barriers, subsidies, and domestic support to agriculture. In Section IV, trends in Bangladesh's trade in primary and processed agricultural commodities are discussed. Bangladesh's trading partners and their URAA commitments are discussed in Section V. Section VI is devoted to implications of various provisions of the UR

agreements. The last section provides conclusions and policy and technical recommendations for benefitting from the URAA and preparing Bangladesh for the next round of negotiations.

II. Basic Provisions of the Uruguay Round Agreement on Agriculture

The basic provisions of the URAA are briefly summarized in Matrix A. Under these provisions, countries have agreed to reduce tariffs, decrease export sub-

Matrix A

	Uruguay Round Agre	ement on Agricultur	re (URAA): Basic P	rovisions
	Provisions	Developed Countries (DDCs)	Developing Countries (DVCs)	Least Developed Countries (LDCs)
I.	Market Access Commitments			
1.	Convert all NTBs (nontariff barriers) into tariff-tariffication	Yes	Yes	Yes
2.	Bind all tariffs	Yes	Yes	Yes
3.	Reduce all tariffs (existing and NTB-related)	average 36% over 1995- 2000 with a minimum of 15% for each tariff line	average 24% over 1995- 2004 with a minimum of 10% for each tariff line	Exempt
4.	Increase share of imports in domestic consumption (1986-88 base)	3%-5% (1995-2000)	3%-5% (1995-2004)	3%-5% (1995-2004)
5.	Special Safe Guards (SSG)	Yes	Yes	Yes
II.	Export Subsidies			
1.	Ban on new export subsidies and freeze in existing subsidies	Yes	Yes	Yes
2.	Reduce volume of subsidized exports (base: 1986-90)	21% (1995-2000)	14% (1995-2004)	Exempt
3.	Reduce expenditure on export subsidies (base: 1986-90)	36% (1995-2000)	24% ^a (1995-2004)	Exempt
III.	Domestic Support			
	duce aggregate measure of support MS) (base: 1986-88)	20% (1995-2000)	13.3% ^b (1995-2004)	Freeze at 1986-88 level
IV.	Green Box Provisions	Applicable	Applicable	Applicable
v.	Blue Box Provisions	Applicable	Applicable	Applicable

a. Subsidies on marketing and transportation costs are excluded.

Source: WTO (1995).

b. Input subsidies for poor farmers, investment subsidies, and diversification subsidies are exempt.

sidies, and minimize domestic support to agriculture. In addition, countries have agreed to remove nontariff barriers through tariffication, i.e., through converting quotas into equivalent tariffs. The countries have also agreed to honor intellectual property rights and introduce SPS measures [WTO, 1995]. However, all of the countries that signed the agreement have been divided into three groups, namely, developed countries, developing countries, and least developed countries. In general, developed countries are required to reduce tariffs and subsidies by higher percentage points than their developing counterparts, and the least developed countries, being mostly food-deficit countries, have been exempted from most reduction commitments. To understand the implications of these provisions for developing countries in general and for Bangladesh in particular, a detailed explanation is warranted. The commitments under URAA can broadly be divided into three groups:

- 1. Market Access.
- 2. Export Subsidies.
- 3. Domestic Support.

Market Access

Many countries in the past have protected their agricultural sectors by levying tariffs on imported commodities and by restricting the quantity of goods imported (nontariff barriers). To reduce these tariffs, URAA requires that all quantitative restrictions or nontariff barriers (NTBs) are converted into equivalent tariffs by using the prices prevailing during 1986-88 as the base period. Once these tariffs were identified through tariffication, then all countries are required to reduce these tariffs over the period of agreement. The developed countries are required to reduce these tariffs by an average of 36%, with a minimum of 15% for each tariff line during the 1995-2000 period, and developing countries are required to reduce tariffs by an average of 24%, with a minimum of 10% for each tariff line. The least developed countries are exempted from any tariff reduction commitments. It should be noted that these reduction commitments are applied to a simple average of percentage reductions in all tariff lines. Such simple averaging has partially compromised the potential impact of reduction in tariffs for important commodities. For example, a country imposed a 5% tariff on commodity A and a 200% tariff on commodity B before the URAA. Under the agreement, if the country agreed to reduce the tariff on commodity A by 60% to 2% and on commodity B by 20% to 160%, then a simple average of these reduction commitments is 40—higher than the agreed 36%. But in reality, commodity B is highly protected and requires a higher tariff reduction to promote global trade. This kind of commitment by many countries has diluted the likely impact of these tariff reductions on global trade.

In addition to these reduction commitments, countries are also required to bind these tariffs. That is, during the period of implementation, tariffs on all commodities will have a ceiling, and tariffs in the future will not exceed those ceilings. In this respect, all countries are treated alike, and even the least developed countries, including Bangladesh, are required to "bind" their tariffs. Besides, for a tariffied commodity, countries were also required to increase the share of imports in domestic consumption from 3% to 5% during the implementation period. However, exceptions are allowed if the commodity in question is a staple food of the country [WTO, 1995].

Export Subsidies

To improve fairness in global agricultural trade, URAA requires that member countries should not introduce any new subsidies on exports, nor should they increase such subsidies over and above the level that existed during the 1986-90 period except under the provision of "front loading" [FAO, 1998]. On the other hand, under the agreement, developed countries are required to reduce the volume of subsidized exports by 21% and expenditures on export subsidies by 36% during the 1995-2000 period. The subsidy reduction commitments for the developing countries are 14% and 24%, respectively, during the 1995-2004 period. Although the least developed countries (LDCs) are exempt from subsidy reduction commitments, they are not allowed to introduce any new subsidies or increase the existing ones. It should be noted that subsidies on transportation and marketing costs to promote exports are exempted from this provision for the developing countries [WTO, 1995]. As many developing countries and LDCs were implicitly and explicitly taxing their agriculture, these commitments of developing countries were expected to have little, if any, direct impact

^{1.} The process of converting quantity restrictions into equivalent tariffs on imported commodities.

^{2.} Under the "front-loading" provision, countries can take 1991/92 as a base year if export subsidies were higher in 1991/92 than those in 1986-90.

on their agriculture. However, in the developed countries, these commitments may have two impacts. First, decrease in subsidy will lead to reduced exports from such countries. Second, reduced exports in general may, ceteris paribus, lead to an increase in global prices. The increased global prices were expected to have two additional impacts: (1) increase in prices of agricultural imports and (2) improved incentives for domestic production of agricultural commodities, especially food crops. Thus, in the short run, food-deficit countries may suffer a little due to increased global prices, but in the long run, these countries may benefit from increased domestic production. Because Bangladesh is a food-deficit LDC, it falls into this category. Whether Bangladesh actually suffered due to these provisions is a matter of dispute and will be discussed in Section VI.

Domestic Support

In addition to providing export subsides and imposing tariffs, many countries have provided direct support to agricultural production although such support has been relatively more common in the developed countries. Such support consists of market price support, input subsidies, investment subsidies, subsidized interest rates and loans, and other components. Under the URAA, developed and developing countries have agreed to reduce such support by 20% and 13.3%, respectively, during the implementation period. Again, an exception has been made for the LDCs who are exempted from reduction commitments but have to freeze the level of support to agriculture at the 1986-88 level. The main implication of this provision is that if an LDC, such as Bangladesh, did not provide support to agriculture in the 1986-88 period, then it cannot introduce support during the 1995-2004 period. Because many developing and least developed countries were not well prepared for the UR negotiations and had significantly liberalized their economies under structural adjustment programs (SAPs), these countries, especially food-deficit countries, could be at a disadvantage now because their agricultural production has to compete with subsidized imports from the developed countries in the near future. However, the Green Box provisions and the de minimis clause, as explained below, provide enough flexibility to create genuine support to agriculture if such support is absolutely essential and fiscally sustainable.

There are several other features that should be noted here about the reduction commitments on domestic support. First, domestic support is aggregated over all commodities and therefore it is referred to as an aggregate measure of support (AMS). That means, a country can provide high support to a few selected commodities and no support to other commodities and yet can meet the reduction obligations. For example, a country could provide high levels of support to rice or wheat and yet have lower overall AMS. This lacunae in the Agreement definitely reduces the overall impact of this provision on world trade. Ideally, domestic support to each commodity should have been targeted for reduction. Second, nonprice distorting support is excluded from AMS. Several exceptions have been allowed under the Green Box, the Blue Box, and the de minimis provisions [FAO, 1998; WTO, 1995]. Under the Green Box provisions, countries can provide support to agriculture, which is nonprice distorting and environment-protecting, such as research and extension, training, pest management, land and forest conservation, infrastructure development, input subsidies for poor farmers, investment subsidies, and crop diversification for reducing narcotic traffic. Similarly, income support decoupled from price and production is also exempted. Under the Blue Box provisions, countries are allowed to provide support based on acreage and animal heads under set-aside programs. Annex A provides the details on these exceptions. Besides, under the de minimis clause, while estimating AMS, a developed-country member is allowed to exclude product-specific support if such support does not exceed 5% of the total value of the product and nonproductspecific support up to 5% of the total value of agricultural production. A developing-country member is allowed to exclude support up to 10% for each category. Although all these exceptions compromise the discipline needed to make world agriculture distortion free and promote free trade in agricultural commodities, it must be recognized that many countries have agreed to subject their agricultural policies to WTO discipline, and this is a positive step forward in the globalization of agricultural trade.

III. Bangladesh's URAA Commitments

Because it is classified as a least developed country by the United Nations (UN), Bangladesh is exempted from reduction commitments on tariffs, export subsidies, and domestic support to agriculture. However, Bangladesh is required to freeze its domestic support to agriculture at the 1986-88 level and bind all its tariffs. Bangladesh's original URAA commitments, as reported in Schedule LXX of the UR Agreement [GATT, 1994], are included in Annex B, and revised and consolidated commitments are included in Annex C. A brief summary and an analysis of these commitments are provided below.

Matrix B summarizes the reported commitments and actual situation (with respect to tariffs, quantitative restrictions [QRs], export subsidies, and domestic support) prevailing in 1986-88 and 1995-97 for the seven commodity groups selected for this study.

According to Bangladesh's URAA commitments, no QRs were imposed on the import of the seven commodity groups included in the study nor was any export subsidy or domestic support to agriculture provided in 1986-88 or 1995-97. Except for fertilizers and agricultural machinery, bound tariff rates are 200% for all commodities in the remaining five groups. For agricultural machinery and fertilizers, except single superphosphate, bound tariff rates are zero; for single superphosphate, bound tariff is 50%. In contrast with declared bound tariffs, actual tariffs on five of the seven commodity groups were significantly lower during the 1985/86-1987/88 period. Actual tariffs ranged from 5% on dairy products to 100% on fruits and vegetables. Only for agricultural machinery, actual tariffs exceeded bound tariffs. The commitments on QRs, export subsidies, and AMS are consistent with the prevailing situation, except that the import of processed cereals and fertilizers was the monopoly of the Trading Corporation of Bangladesh—a state-owned enterprise.

The actual situation prevailing during the 1994/95-1996/97 period was also consistent with the commitments made by Bangladesh on all primary disciplines except the restriction on import of table eggs. The operating tariffs were lower than those that prevailed in the base period (1986-88) and significantly lower than bound tariffs. Only for agricultural machinery and fertilizers, except superphosphates, are bound tariffs (0%) identical to actual tariffs. In all other cases, because bound tariffs are much higher than operating tariffs, a case can be made to reduce bound tariffs to more realistic levels. Only domestic support available to crop production, in general, and poultry and processed dairy products, in particular, is indirect in the form of import duties foregone on the import of agricultural machinery. However, because the ultimate goal of the URAA/

WTO is to create a tariff-free environment for trade in agricultural commodities, support in the form of tariffs foregone is not a trade-distorting support and, therefore, does not form the part of AMS calculations. However, it should be noted that any support (direct or indirect) provided to primary products should be reflected (prorated) for processed products, but it was agreed between the two study groups that for reporting to WTO, all support will be included in the primary commodities group. A detailed analysis of Bangladesh's URAA commitments is provided in the following sections.

Commitments on Market Access: Tariffs and Nontariff Barriers

The fact that Bangladesh was not fully prepared to safeguard its economic interests in the global trading arena on an objective and rational basis is reflected in its declared tariff bounds for most agricultural and agribusiness products. Bangladesh became a victim of the "fear" psychology. The country was afraid that reduced tariffs and liberalized trade may "flood" its markets with cheap imports and damage its capacity for agricultural and agribusiness production. The country was so overwhelmed with this fear that it ignored its own reality. For most products, Bangladesh declared 200% tariffs as tariff bounds. In most cases, bound tariffs are much higher than actual tariffs operating during the mid-1990s. In all fairness, it must be said that Bangladesh was not alone in such declarations. Many other developing countries and LDCs also declared high tariff bounds [GATT, 1994]. Keeping bound tariffs at an unnecessarily high level risked giving a false signal to the outside world.

Commitments on NTBs and Existing NTBs

Bangladesh, like other signatory countries, is obliged to eliminate all NTBs on agricultural products and replace them by tariffs. This tariffication of NTBs is incumbent on Bangladesh in the case of agriculture while in the case of nonagricultural products, Bangladesh, as an LDC, has been exempted from making any commitments on NTBs. Insofar as the actual situation with respect to NTBs is concerned, Bangladesh can be reckoned as a country that has unilaterally significantly liberalized its trade regime in recent years by reducing both tariffs and NTBs. Between 1991/92 and 1995/96, the number of four-digit items in both agricultural and nonagricultural products subject to trade-related quantitative restrictions (QRs) was reduced from 137 to 41.

Matrix B

An Assessment of Bangladesh's URAA Commitments, 1985/86-1987/88 and 1994/95-1996/97

	UR	UR Schedul	UR Schedules (Reported)	(p:	Ac	tual, 198	Actual, 1985/86-1987/88	/88	Ac	tual, 199	Actual, 1994/95-1996/97	26
Product Group	Tariff Bound	QRs	Export Subsidy	AMS	Tariffs	QRs	Export Subsidy	AMS	Tariffs	QRs	Export Subsidy	AMS
	(%)		(US \$)	(\$ SN)	(%)		(US \$)	(\$ SN)	(%)		(\$ SN)	(US \$)
Cereals (processed)	200	None	0	0	30-100	No^a	0	0	7.5-60	No	0	0
Edible oils	200	None	0	0	50-100	No	0	0	30-60	No	0	0
Poultry products	200	None	0	0	60	No	0	0	45	Yes	0	0.
Dairy products (processed)	200	None	0	0	5-60	No	0	0	30-45	No	0	o
Fruits and vegetables	200	None	0	0	100	No	0	0	7.5-60 ^d	No	ъ0	0
Fertilizers	0-50 ^f	None	0	0	0	$N0^8$	0	0	0	No	0	0
Agricultural machinery	0	None	0	0	09	No	0	0	0	No	0	0
 a. Monopoly of the Trading Corporation of Bangladesh (TCB). b. Import of table eggs is restricted. c. No duty on import of equipment. d. Imports from Bhutan bear lower duties. e. Storage and air freight are subsidized for exports, but these subsidies are exempted under URAA. f. 50% superphosphates; 0% duty on all other fertilizer products. g. Monopoly of the Bangladesh Agricultural Development Corporation (BADC). 	Orporation icted. ment. ower duties subsidized f duty on all sh Agricult.	of Bangl	adesh (TCB) ts, but these atilizer producelopment Cor	B). e subsidie ucts. orporatio	es are exel	npted un	der URAA					

QR = Quantitative Restriction; AMS = Aggregate Measure of Support

Source: Derived from data in Annex B and Annex F.

In 1999, trade-related QRs remained on imports of a few agricultural products as follows:³

0407.00 Eggs except hatching eggs 1404.901 Tendu leaves ("Biri" leaves)

1503.001 All goods including lard stearin but excluding nonedible tallow and refined bleached deodorized (RBD) palm stearin

Commitments on Tariffs

As an LDC, Bangladesh was not obliged to make any significant concessions under the UR. It chose, like many other developing countries, to bind tariffs at well above the actual operative levels. Whereas, in the case of a set of nonagricultural products, tariffs were bound at 50% plus a 30% additional charge, in the case of agricultural products included in the URAA, tariff bounds have been set at a uniform ceiling rate of 200%

for all agricultural goods except 13 (six-digit HS code) items for which the bound rate is 50% (Annex B and Table 2). In addition, a license fee of 2.5% has been bound as other duties and charges for all agricultural products with certain exceptions.⁴ Five of these committed rates are scheduled for implementation by 2004, while the rest of the items were implemented in 1995. The base rates of the five items for which the bound rate is implementable by 2004 were 100% in one case and 150% in four others. These base rates were implemented during the negotiation period or at the beginning of the implementation period starting with 1995. Only on two agricultural products (green and black tea), the tariffs were bound at lower than actual operative levels.

Table 2. Bangladesh's UR-Bound Tariffs for Agricultural Products^a and 1994/95 Actual Operative Tariffs

		Base Rate			1994/95
HS		of Duty	Bound Rate	Implementation	Operative
Code	Description of Product	(%)	of Duty (%)	Period	Tariff
0101.11	Live horses		50	1995	7.5 + 2.5
0104.10	Live sheep		50	1995	7.5 + 2.5
0105.11	Live fowls		50	1995	30 + 2.5
0208.20	Frog legs	150	50	2004	45 + 2.5
0501.00	Human hair		50	1995	30 + 2.5
0701.10	Seed potatoes	150	50	2004	7.5 + 2.5
0902.10	Green tea (non-fermented)	150	50	2004	60 + 2.5
0902.30	Black tea	150	50	2004	60 + 2.5
1006.10	Rice in the husk		50	1995	7.5 + 2.5
1008.30	Canary seeds		50	1995	15 + 2.5
1201.00	Soybeans (seeds)		50	1995	15 + 2.5
1207.20	Cotton seeds		50	1995	15 + 2.5
1703.10	Molasses	100	50	2004	45 + 2.5

a. For all agricultural products not included in this table, tariffs and "other duties and charges" are bound at rates of 200% and 2.5%, respectively.

Source: Annex C.

^{3.} Sugar imports are a monopoly of the Bangladesh Sugar and Food Industries Corporation.

^{4.} Importers and products exempted from the license fee include government departments, local authorities, recognized educational institutions, public hospitals, products such as petroleum oil and lubricant, raw cotton, stable fibre, wool top, clinker, fertilizer and rock phosphate, imports including capital goods for export industries, etc.

It should be noted, however, that effective prior to the Uruguay Round, Bangladesh already had a set of most-favored-nation concessational duties on many other agricultural products. These duty rates, along with the commitments under the Uruguay Round, were shown as a second post-UR-bound consolidated schedule. These tariffs along with their corresponding goods are listed in Table C.1 (Annex C). As for the agricultural products included in the table—for which the bound rate is other than 200%—the bound rates vary between 7.5% and 50% (plus 2.5% license fee). Some of the rates included in the brackets indicate that these were not final rates but under negotiation and subject to change.

Bangladesh's UR-bound tariff rates on agricultural products in the Table C.1 show that the products for which tariffs have been bound below 200% number 37 at the four-digit level and 75 at the six-digit level. A frequency distribution of the consolidated schedule of bound tariffs presented in Table 3 shows that at the four-digit level, they cover 18% of a total of 206 agricultural products as defined by the UR. Over 80% of agricultural products are bound at the very high tariff rate of 200%. Among the tariffs bound at 50% or lower

rates, only a handful—12—of the 75 six-digit products are bound at lower than 30% rates.

A comparison of the bound tariffs with the actual operative ones of 1995/96 when the highest operative tariff, including the license fee, was 52.5% suggests that the 200% bound tariff was unnecessarily set for most agricultural products. Also, with a few exceptions, the bound tariffs are considerably higher than the applied average rate. The unweighted and importweighted average tariff rates (customs duty part only) on all products, both agricultural and nonagricultural, were 25.9% and 20.8%, respectively, in FY 1994/95. In the case of agricultural products, the corresponding applied average tariff rates were still lower [Bangladesh Government, 1997]. The high bound tariffs sent an undesirable signal to the rest of the world that Bangladesh was not firmly committed to further trade liberalization and that it might consider reverting to higher tariffs (than existing operative ones) in the future for protection purposes. This enhanced nontransparency and uncertainty in the tariff structure and the investment climate.

Table 3. Frequency Distribution of Bangladesh's Committed Tariffs (Excluding License Fee) on Agricultural Products

Bound Tariff Rate (%)	Number of 4-Digit HS Code Items	Percent of 4-Digit HS Code Items	Number of 6-Digit HS Code Items
7.5	1	0.49	1
15	2	0.97	7
20	3	1.46	3
25	1	0.49	1
30	10	4.85	35
32	1	0.49	2
35	2	0.97	2
45	4	1.94	5
50	13	6.31	19
Sub-Total	37	17.96	75
200	169	82.04	
Total	206	100.00	

Source: Annex C.

The UR-Bound Tariffs and Current Operative Ones

A clearer picture of Bangladesh's post-UR-bound tariffs on agricultural products—the consolidated schedule—within the duty range 0-50% (excluding the 2.5% extra rate)—as compared with the current (1998/ 99) operative tariffs can be drawn from Table 4 and Figure 1, which are derived from data presented in Annex C. These data show that a much larger number—46 of the 75 of six-digit agricultural products are actually subject to lower tariffs up to 25% within the 0%-50% tariff range, while only 12 of them are UR-bound at the same duty range of 0%-25%. An opposite picture can be seen in the upper duty range of above 25-50, where the UR-bound rates number as many as 63, while the current number actually subject to the same tariffs is 29 within the commodity groups for which the consolidated schedule of selected tariffs up to 50% exist under the UR. Earlier we have seen that the bulk of all agricultural products—over 80% are bound at the unnecessarily very high tariff rate of

200% plus 2.5%. Actual operative tariffs lie within the upper bound of 40% plus 2.5%.

As part of ongoing structural reforms, Bangladesh unilaterally made some liberalizing changes in its overall tariffs over time. The maximum tariff rate was reduced to 40% plus an extra 2.5% in FY 1998/99 from the 1994/95 rate of 60% plus 2.5%. The tariff spread or dispersion has been reduced during

the same period, perhaps in large part, due to the cut in the maximum tariff but also due to a reduction in recent years in the number of products subject to tariffs lower than 7.5 % and reduction of the total number of tariffs including the zero rate from seven to six. As a result of this reform, the unweighted and import-weighted average tariff rate (customs duty part) has come down to 20.7% and 16.8%, respectively, in FY 1997/98 from the respective corresponding numbers of 25.9% and 20.8% in 1994/95 [Bangladesh Government, 1998]. This has reduced tariff escalation and

introduced some element of rationalization in their incentive effects on domestic production activities. However, the tariff dispersion still remains quite excessive with a wide spread in the resulting structure of incentives or effective protection rates. In FY 1995/96, the economy-wide tariff dispersion, measured in terms of coefficient of variation, was as high as 72.7; whereas, in the agricultural sector it was 56.7 [World Bank, 1996]. The following factors lead to a high tariff dispersion.

- Use of multiple tariff rates for different finished products.
- Higher tariffs on finished products and lower ones on inputs and intermediate products.
- Use of official "tariff values" rather than import invoice values for import valuation purposes for duty assessment in a number of product cases—a practice that often raises the effective tariff rates for the products concerned.

Table 4. Frequency Distributions of UR-Bound Tariffs and Actual Tariffs at 6-Digit Level

Tariff Rate (excl. IDSC) (%)	UR-Bound Tariffs: Number of 6-Digit Items	Actual Tariffs (1998/99): Number of 6-Digit Items
0	0	12
1-15	8	15
15-25	4	19
25-40	39	29
40-50	24	0
Total: (0-50)	75	75

Source: Annex C.

• Use of quantitative restrictions on imports, in place of or in addition to the tariffs used.

Tariff liberalization in Bangladesh so far largely reduced statutory levels of protection. Effective protection levels have not been much reduced [World Bank, 1996]. Also, high persisting illegal trade transactions on a massive scale are indicative of widespread existence of high levels of nominal and effective protection on domestic products caused by existing tariffs. The continuation of high protection levels for many local

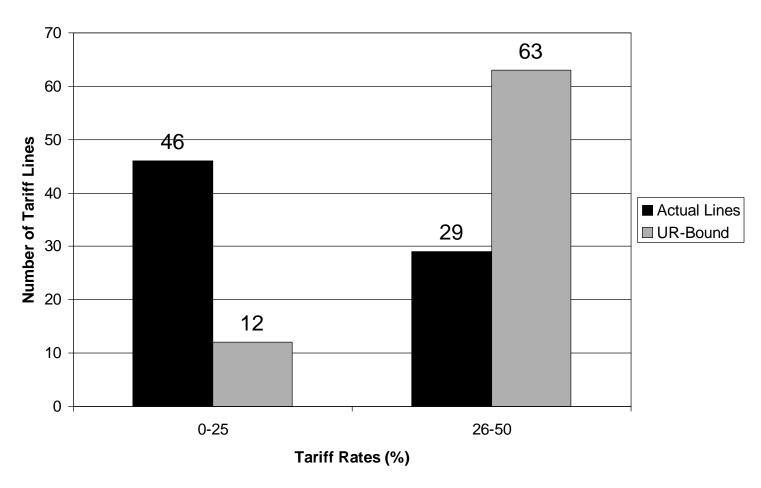


Figure 1. Comparison of UR-Bound and Actual Tariffs for 75 Six-Digit Tariff Lines, 1998/99.

products have not only perpetuated and aggravated productive inefficiency of the economy but also retained a significant anti-export bias [World Bank, 1996; Rab, 1995 and 1997]. The cascading tariffs with higher tariffs on outputs and lower ones on inputs have resulted in serious economy-wide distortions in incentives (effective protection rates) [Rab, 1995 and 1996].

Because actual tariffs in 1998/99 are lower than bound tariffs, URAA tariff commitments are unlikely to have any major impact on agriculture and agribusiness in Bangladesh except in a few cases. This is generally true for many developing and least developed countries because these countries have reduced tariffs and liberalized trade under structural adjustment programs (SAPs) at a faster pace than what is implied under URAA [Valdes and McCalla, 1996].

Commitments on Export Subsidies

Bangladesh declared no export subsidies in its Schedule of UR Commitments [GATT, 1994—Schedule LXX]. There are two possibilities here. First, Bangladesh did not have any subsidies on agricultural exports. Second, if it had, it did not have adequate information to prepare such estimates and report them. By exploring and assessing the information that existed during the 1986-90 period, an attempt is made to verify Bangladesh's reported declaration of export subsidies.

A detailed search of old records revealed that Bangladesh did not provide any direct price subsidies on its UR-related agricultural exports. However, there were some special incentives provided to export activities, especially to nontraditional export products, which were in the nature of export subsidies. These will be noted below. It should be noted, however, that as generally typical of developing countries, Bangladesh's agricultural products have always been rather taxed (negatively subsidized) relative to manufactured products through higher protection to the latter products and through exchange rate distortion in the form of overvaluation of the domestic currency. Hutcheson [1985] found in his study, which used input-output matrices of that period for selected sectors and the nominal protection rates for those sectors, that exporting activities received an average effective rate of protection (ERP) of a mere 2%, compared with 104% for import substitution industries. The relative high protection of import substitution activities with extensive import and exchange controls and high import tariffs, by artificially depressing the demand for foreign exchange, also caused a significant distortion in the exchange rate (in this case, overvalued the domestic currency), which is also a factor that appeared to have significantly disadvantaged the agricultural sector, in general, and agricultural exports, in particular. The exchange rate distortion seemed to have more than offset some export incentives offered during this early period, when the trade regime was highly inward-looking with a very high tariff and nontariff protection to import substitution activities.

Export Incentives Providing Subsidies During the 1986-88 Period

The relative taxation faced by agricultural products notwithstanding, it is nevertheless required by the URAA that any measure that could be identified as falling in the nature of an instrument that enhances export competition should be noted and measured. Although Bangladesh reported no export subsidies to have existed during the 1986-88 base period as already mentioned and no direct export subsidies were provided to any of the UR-defined agricultural products, some of the export incentives existing during that period were essentially export subsidies in character. These incentives were:

- Possible subsidy element involved in an Export Performance Benefit (XPB).
- 2. An interest rate subsidy.
- 3. Special tariff concessions on imports of capital machinery.
- 4. Possible subsidy element involved in an export credit guarantee system.

These subsidies belong to the category of export subsidies that have been subject to reduction commitments by developed and developing countries other than the LDCs. Bangladesh, as an LDC, is not obliged to reduce such subsidies but is required to freeze such subsidies at the 1986-90 period level. Besides such subsidies for exports, which have been subject to reduction commitments by developed and developing countries other than the LDCs, there were in Bangladesh also some other subsidies existing during that period such as some freight concessions on shipments of exported products by the national airline and shipping line and some concessions on fire and shipping insurance charges. Nevertheless, such export subsidies aimed at reducing marketing and transport costs are exempted

from reduction requirements for the developing countries [WTO, 1995, pp. 49-50].

Among the nonexempt export subsidies, most were applicable to the products selected for this study in a generally uniform manner. A notable exception was the XPB, where the export incentive benefit, and the subsidy element involved, if any, varied significantly among products. These incentives and their estimates, if feasible, are calculated and shown below.

Export Performance Benefit—This was a special exchange rate benefit in excess of the official exchange rate offered to nontraditional export products. However, the value of the benefit needs to be appraised in terms of the market (shadow) exchange rate. The nominal value of the benefit depended on two factors: (1) the export performance benefit (XPB) entitlement rate offered for particular export products and (2) the difference between the two exchange rates—the premium that a Wage Earners' Scheme (WES) exchange rate (the rate at which Bangladeshi workers were offered domestic currency for their earned foreign exchange) had over the official exchange rate. The XPB is established by applying the XPB entitlement rates applicable for particular products to the difference between the two exchange rates during the particular period involved. During this base period, three XPB entitlement rates were maintained, at 100%, 70%, and 40%, for different export products. All agricultural export products except jute (which is outside the UR-defined agricultural products anyway) were entitled to an XPB during this base period. With these varying exchange rates in operation for export activities and with two exchange rates faced by importing activities—the official and

WES, Bangladesh had an essentially multiple exchange rate system in operation during this period. The XPB benefit to export activities varied between not only products but also over time as the difference between the two exchange rates were found to vary, and this benefit was found to gradually diminish over time as the trade and exchange regimes became more and more open over time. The multiple exchange

rate system was finally abolished in 1992, when a unitary exchange rate was introduced. With this, the XPB was also gone automatically. During 1985/86, for example, the premium of the WES exchange rate over the official exchange rate was 9.5%, but the difference between the two exchange rates came down to 5.4% and 2.0%, respectively, in 1987/88 and 1989/90. The differences between the two exchange rates (period average mid-rates) during 1986-90 are shown in Table 5.

The XPB entitlement rates for different agricultural products are shown in Annex D. During this early period, the official and WES exchange rates (middle rates) in force along with the estimated shadow exchange rates are shown in Table 6.

An example of the value of the XPB at the nominal official exchange rate for three products, respectively, with 100%, 70%, and 40% XPB entitlement rates for 1987/88 is as follows: (1) the product with 100% entitlement rate received 5.44% benefit, (2) that with 70% entitlement received 3.8% benefit, and (3) that with 40% entitlement received 2.18% benefit. In Table 7 the estimates of exchange rate subsidies, positive or negative, if any, for the selected products are provided—first on the basis of the XPB received at the official exchange rate and then on the basis of the shadow exchange rate.

As can be seen, although the XPB provides some extra exchange rate benefit per U.S. dollar at the official exchange rate to the selected products, if exported, this benefit is found to be more than offset when the benefit is evaluated at the shadow (market) exchange

Table 5. Official and Wage Earner's Scheme (WES) Exchange Rates, 1986-90

	Exchan	ge Rate	Premium of the WES ER Over the
	Official ER	WES ER	Official ER
	(Tk/l	US \$)	(%)
1985/86	29.89	32.74	9.53
1986/87	30.63	33.08	8.00
1987/88	31.24	32.94	5.44
1988/89	32.14	32.91	2.40
1989/90	32.92	33.58	2.00

Table 6. Official, WES, and Shadow Exchange Rates, 1986-88

Year	Official Exchange Rate (ER)	WES ER	Diff. Bet. WES and Off. ERs	Shadow ER ^a Exchange Rate (SER)	Diff. Bet. WES and Shadow ER
			(Tk/US \$)		
1985/86	29.89	32.74	2.85	36.47	-3.73
1986/87	30.63	33.08	2.45	37.37	-4.29
1987/88	31.24	32.94	1.74	38.11	-5.17

a. Derived by assuming SER conversion factor of 1.22.

Sources: Bangladesh Bank, *Economic Trends*, July 1998, for exchange rates. Hutcheson, T. L., and A. Rab, 1986; and Rab, A., and M. M. Haque, 1987, for shadow exchange rate factors for 1985/86 and 1986/87.

rate. The exchange rate distortion thus disadvantaged the export products relatively more than some of the export incentives in place.

Interest Subsidy—During the base period, the selected products were eligible for receiving bank credit for export purposes at less than the interest rate applicable for other purposes. Nontraditional export products (all our selected products included) faced an interest rate of 9% on export credit, while the normal rate was around 14%. If any of these products showed exports exceeding more than anticipated levels of increase in the target set for the sector, the exports so exceeded were entitled to receive a 2% rebate on the interest rate, which was intended to bring the effective interest rate down to a rate of 7% on the credit for the exports so exceeded. Export credit was available up to 90% of the value of confirmed and irrevocable letter of credit (L/C) or of the value of the firm's sales contract. The interest concession benefit for an export product that receives and avails credit to the full extent of 90% of the value of export is estimated as the difference between the normal interest rate and that applicable for export, which was some 5% during this early period, times the credit received, i.e., 4.5% of the f.o.b. value of export. The interest subsidy, which could be actually availed of by a nontraditional export product concerned, actually depended on the extent to which credit could be availed, and in some cases where export performance in a particular year outpaced the target set for the relevant sector, also on the extent of the marginal export performance. The benefit thus received by the export products is difficult to quantify without relevant background firm level data. Another difficulty

involved in evaluating the real worth of this benefit is the fact that getting access to formal credit from the banking system was often a more serious problem for exporters, especially for the small- and mediumscale nontraditional exporters and newcomers in the export field. Judged from this perspective, the interest subsidy was a dubious benefit to exporters and did not distort the competitiveness of exports from Bangladesh.

Duty Concession on Machinery Imports

Machinery imports by export-oriented firms were eligible for a duty concession equivalent to the excess of the normal duty rate over 2.5%, since such imports were liable to pay duty at this concessional rate. The normal duty rate on machinery imports in 1986/87 varied in the range of 50% and 100%, with a 60% rate on a number of machinery items. The duty concession on machinery imports was therefore a substantial concession for export firms, but it was not available to firms partially selling in the export market.

Note that, although such a differential duty concession on capital machinery for export firms may be counted as export subsidy, in another more meaningful sense, it is not an export subsidy. The URAA position on this appears unclear. If the duty-free status of inputs for exports is, as it should be, considered the normal situation, a duty exemption or concession is not a subsidy, but any duty that remains on inputs of export products is a tax or negative subsidy. Accordingly, the duty-free status on imports of current inputs for export production is not counted as a subsidy. The duty concession on capital equipment should not therefore be treated as an export subsidy, but the duty that remains is a remaining tax.

A limited number of nontraditional export products were also eligible for a similar duty concession in the form of a duty drawback in excess of 2.5% on imports of spare parts. Since spare parts are part of current inputs, it is not a cognizable concession to be counted as a subsidy for exporters since imports of all other current inputs were eligible for full duty drawback any-

Table 7. Export Performance Benefit (XPB) Received by Selected Agricultural Products (Taka/US \$)

				_		t Official				ER (Tk)
			Entitle			nce bet. t			nce bet.t	
			Rate (%		2.85	2.45	1.74	-3.73	-4.32	-5.17
Agricultural Products	HS Code	85- 86	86- 87	87- 88	85-86	86-87	87-88	85-86	86-87	87-88
1. Cereal products										
Cereal flours, groats, meal and pellets, corn flakes, etc.	1101-1104, 1904	40	40	40	1.14	0.98	0.696	-0.35	-0.59	-0.93
Bread, biscuits, etc.	1905	40	40	40	1.14	0.98	0.696	-0.35	-0.59	-0.93
2. Edible oils	· · · · · · · · · · · · · · · · · · ·		•			•			1	1
Soybean oil, solidified or refined	1507.90	40	40	40	1.14	0.98	0.696	-0.35	-0.59	-0.93
Palm oil, solid or refined	1511.9010, 1511.9090	40	40	40	1.14	0.98	0.696	-0.35	-0.59	-0.93
Groundnut oil	15089010	40	40	40	1.14	0.98	0.696	-0.35	-0.59	-0.93
Coconut oil	1513.1910, 1513.1990	40	40	40	1.14	0.98	0.696	-0.35	-0.59	-0.93
Animal fat/oil/fraction	1516.1000	40	40	40	1.14	0.98	0.696	-0.35	-0.59	-0.93
Vegetable fat/oil hydrogenated, other	1516.2010, 1516.2090	40	40	40	1.14	0.98	0.696	-0.35	-0.59	-0.93
3. Dairy products										
Milk and cream	0401, 0402	40	40	40	1.14	0.98	0.696	-0.35	-0.59	-0.93
Butter, butter oil, etc.	0405	40	40	40	1.14	0.98	0.696	-0.35	-0.59	-0.93
Cheese and curd	0406	40	40	40	1.14	0.98	0.696	-0.35	-0.59	-0.93
4. Poultry products										
Eggs and egg yolks	0407, 0408	70	70	70	2.00	1.72	1.22	-0.62	-1.03	-1.62
5. Fruits and vegetab	les									
Dates	0804.10	100	100	100	2.85	2.45	1.74	-0.88	-1.47	-2.32
Mangoes	0804.5031, 0804.5032	100	100	100	2.85	2.45	1.74	-0.88	-1.47	-2.32
Oranges	0805.1010	100	100	100	2.85	2.45	1.74	-0.88	-1.47	-2.32
Pineapples	080430	100	100	100	2.85	2.45	1.74	-0.88	-1.47	-2.32
Grapes	0806	100	100	100	2.85	2.45	1.74	-0.88	-1.47	-2.32
Apples	0808	100	100	100	2.85	2.45	1.74	-0.88	-1.47	-2.32
Orange juice	2009.11-19	100	100	100	2.85	2.45	1.74	-0.88	-1.47	-2.32
Pineapple juice	2009.40	100	100	100	2.85	2.45	1.74	-0.88	-1.47	-2.32
Tomato juice	2009.50	100	100	100	2.85	2.45	1.74	-0.88	-1.47	-2.32
Grape juice	2009.60	100	100	100	2.85	2.45	1.74	-0.88	-1.47	-2.32
Apple juice	2009.70	100	100	100	2.85	2.45	1.74	-0.88	-1.47	-2.32
Tomato paste	2001-2002	100	100	100	2.85	2.45	1.74	-0.88	-1.47	-2.32
Fruit jellies and jams	2007	100	100	100	2.85	2.45	1.74	-0.88	-1.47	-2.32
Seed potatoes	0701.10	100	100	100	2.85	2.45	1.74	-0.88	-1.47	-2.32
Potatoes, other	0701.90	100	100	100	2.85	2.45	1.74	-0.88	-1.47	-2.32
Tomatoes	0702	100	100	100	2.85	2.45	1.74	-0.88	-1.47	-2.32
Onions, garlic Peas and beans	0703 0708.10- 0708.20	100	100	100	2.85 2.85	2.45 2.45	1.74 1.74	-0.88 -0.88	-1.47 -1.47	-2.32 -2.32

way and such a drawback is not counted as an export subsidy.

The import duties remaining on both machinery and spare parts for export products should be assessed as negative subsidies or taxes on exports. Making quantitative estimates of such taxes will require firm-level data on capital-output ratios.

Export Credit Guarantee

Bankers and exporters were eligible to receive guarantees against possible losses on loans received against overseas commercial and political risks. During the base period, exporters were eligible for three types of guarantees. These were:

- 1. Preshipment export credit guarantee.
- 2. Post-shipment export credit guarantee.
- 3. Comprehensive guarantee—export payment risk payment.

The first two of these guarantees were extended to the banks providing export credit, while the third was available directly to the exporters. However, as noted in the current government export policy document, because of various complexities in these schemes, these were not found to be effective to the desired level. No significant amount of subsidy is involved in these schemes. Hence, the value of these schemes could be largely ignored.

From this comprehensive analysis of various export promotion schemes, it can safely be concluded that Bangladesh provided no direct or indirect price-distorting subsidies on its agricultural exports during the 1986-90 period.

Commitments on Domestic Support to Agriculture

Like its declaration on export subsidies, Bangladesh did not declare any support (AMS) to agriculture when it submitted its schedule to WTO in April 1994 (Annex B). However, in its revised and consolidated schedule submitted in November 1994, Bangladesh recognized that it provided **exempted** support (included in Annex 2 of the Agreement on Agriculture) for food security stocks, food aid, and natural disaster reliefs. Other support included investment aid or input subsidies to resource poor farmers who are exempted under the Green Box measures (Annex A). The administra-

tive costs of distributing seeds of paddy, potato, wheat, etc., at government-fixed prices were also paid by the government. Nevertheless, total AMS declared remained zero.

Being an LDC, Bangladesh is exempted from reducing AMS, but it has to freeze its support at the 1986-88 level. To ensure that Bangladesh's AMS was zero, an attempt was made to quantify such support. A review of the data for the 1986-88 period revealed that Bangladesh did not provide any nonexempt product-specific direct price support to any of the commodities/products included in this study.

Among the nonproduct support, Bangladesh provided subsidies to seed, fertilizers, irrigation, and agricultural machinery. These subsidies are covered in detail in Asaduzzaman (1999). However, fertilizer subsidies are analyzed here for two reasons. First, although there were no direct budgetary subsides on urea during certain years, fertilizer industry received subsidies on natural gas price during the 1986-97 period. Because such subsidies are not explicitly covered in the URAA, Bangladesh is justified in claiming no domestic support to agriculture. Second, Bangladesh has occasionally exported urea and has the potential to export urea in the future also. If Bangladesh becomes an important exporter in South Asia, the issue of natural gas subsidies to fertilizer industry could be forced on Bangladesh by other countries if these countries find harm done to their fertilizer industry because of cheap urea coming from Bangladesh. India may be one of these countries. Keeping these two perspectives in mind, an assessment of fertilizer subsidies is provided. Such subsidies were calculated by using import parity price of urea and comparing that with ex-factory price.⁵ To minimize the influence of the Taka devaluation on estimation, calculations are performed in U.S. dollars and shadow exchange rate. TSP subsidies are also calculated by using import parity price because Bangladesh is a net importer of phosphate fertilizers. Table 7A provides data on subsidies on urea and TSP. Relatively speaking, urea subsidies were much higher in the mid-1990s than in the late 1980s for two reasons. First, urea prices in the global markets were very high—over \$200/ton—in the mid-1990s. Second, to offset the adverse impact of high global prices on fertilizer use and supply and to avert the possible repeat

^{5.} Because Bangladesh was a net importer of urea during the 1986-88 and 1995-97 periods.

Table 7A. Fertilizer Subsidies

Year	Urea Subsidy	TSP Subsidy	Total Subsidy
		(US \$ million)	
1985/86	31.5	21.0	52.5
1986/87	19.9	23.9	43.8
1987/88	44.7	28.1	72.8
1994/95	214.8	0	214.8
1995/96	312.7	. 0	312.7
1996/97	248.4	0	248.4
1997/98	94.0	0	94.0

Source: Author's calculations.

of the 1994 fertilizer crisis, significant subsidies were reintroduced in 1995. However, with drop in global prices and increase in domestic ex-factory prices in 1997/98, total urea subsidies dropped by 70% in 1997/98 compared with those in 1995/96. Sooner or later, Bangladesh has to address the issue of implicit subsidies on urea coming from natural gas pricing subsidy.

IV. Trends in Bangladesh's Agricultural Trade

The Uruguay Round Agreements are likely to influence agricultural production and trade in Bangladesh through (1) trade liberalization committed by Bangladesh; (2) trade liberalization committed by other developed and developing countries, especially by Bangladesh's trading partners; and (3) trends in and patterns of Bangladesh's agricultural trade.

Bangladesh's URAA commitments have been discussed in the previous section. In this section, trends in and patterns of Bangladesh's agricultural trade are analyzed so that primary products imported into or exported from Bangladesh could be identified. Having identified the patterns of trade in major product groups, an attempt is made to recognize Bangladesh's trading partners and their URAA commitments in Section V. All this information is combined to assess the implications of the URAs for Bangladesh's agricultural trade and production in Section VI.

Because our interest is in assessing the implications of URAA on Bangladesh's production and trade, we have included only those commodities that are listed

in the agreement on agriculture [WTO, 1995, p. 56]. It should be noted that jute products, fish, and fish products are excluded from the data presented in this section because these commodities were not included under URAA negotiations. Also excluded are leather and leather products and silk and cotton yarn and fabrics, while raw silk,

combed and carded cotton, hides, and skins are included. To the extent these commodities play an important role in Bangladesh's trade, the analysis of trade in this section should be treated with caution.

The analysis of the trade patterns is conducted for both primary and processed agricultural products by some broad product groups, as shown in Table 8. The division of the agricultural products into primary and processed categories has been made following an OECD [1997] classification (Standard International Trade Classification [SITC] Revision 2). Bangladesh's trade statistics were available according to a Bangladesh Standard Trade Classification (BSTC) code system up to FY 1987/88, which essentially followed the SITC codes. The subsequent trade statistics since 1988/89 have been according to the new internationally accepted Harmonized System (HS) of codes. The trade statistics in different product groups have been compiled following the UR-defined classification by HS code and taking the corresponding entries by either BSTC or HS codes. The matching correspondence between the two codes followed the Bangladesh Bureau of Statistics (BBS) publication [BBS, 1996].

The trends in trade are analyzed for two time periods, namely pre-UR (1980-94) and post-UR (1995-97) periods. In recent years, the overall world trade in both agricultural and manufactured products has been growing rapidly, much ahead of the average world GDP growth rate [IMF, 1998]. In the world trade, developing countries have been acquiring a growing share, because their growth in both export and import trades has been more rapid than that of the industrial coun-

Table 8. Broad Groupings of Primary and Processed Agricultural Products

Primary Products

Product Group	HS Code	SITC(Rev.2)/BSTC Code
Live animals	1	0
Meat, fresh/chilled/frozen	02.01-02.09	11
Dairy products- milk and cream, fresh	4.01	223
Eggs in shell, fresh/ preserved/cooked	4.07	251
Plants, flowers, bulbs, tubers	6	2926; 2927
Vegetables, fresh/chilled/ dried/whole/ cut, not further processed	07.01 - 07.09; 07.13	0541; 0542; 0544; 0545
Fruits and nuts, fresh/chilled/ dried	08.01 - 08.10	57
Coffee, tea, mate and spices	09.01 - 09.10	07111; 0721; 074; 075
Cereals, cereal products unmilled	10	041-045
Oil seeds and oliginous fruits	12.01-12.08	22
Raw sugar and honey	04.09; 1701.110-1701.120	0611; 0616
Tobacco, unmanufactured	24.01	121
Raw cotton	52.01	263 excl. 26340

Processed Products

Product Group	HS Code	SITC(Rev.2)/BSTC Code
Meat, processed	02.10; 16.01; 16.02	012; 0142; 0149
Dairy products, other than fresh milk and cream	04 excl. (04.01, 04.07- 04.09)	0224; 023; 024
Eggs, not in shell and egg yolks	4.08	252
Vegetables, preserved or prepared	07.10-07.12; 20.01-20.06	0546; 0548 excl. 05481; 056
Fruits and nuts, preserved or prepared	08.01 -08.14; 20.07-20-09	58
Cereal products	11.01-11.04; 19.04-19.05	046-048
Animal or vegetable fats or oils excluding fish oils	15 excl. 15.04	4 excl. 4111
Sugar and sugar preparations	17.01 excl. (1701.110, 1701.120); 17.02-17.04	0612; 0615; 0619; 062
Coffee, tea and mate preparations	21.01	07112; 07113; 0712; 0722; 0723; 073
Food products, n.e.s.	21 excl. 21.01	98
Animal feed, not including unmilled cereals	23 excl. 23.07; 07.14	08 excl. 0814; 05481
Tobacco, manufactured	24 excl. 24.01	122
Cotton, carded or combed	52.03	26340

Source: OECD [1997] and BBS [1996].

tries (Table 9). Bangladesh has a tiny share in the total world trade—0.06% in exports and 0.12% in imports in 1996. Since 1993 Bangladesh's share in the world trade has remained nearly constant.

The broad features of Bangladesh's agricultural trade, included in Table 10, can be summarized as follows.

1. Aggregate trade in agricultural products, as defined by the URAA, accounted for 21%-23% of

Bangladesh's total trade during the 1980s but sharply declined in relative importance to a little over 12% in the 1990s. This drastic relative decline in agricultural trade in the 1990s reflects a sluggish growth of agricultural imports and an absolute decline in agricultural exports. The decline in agricultural exports in particular could be interpreted as reflecting a general relative policy neglect of the agricultural sector and its stagnation or poor growth performance.

Table 9. Global and Developing Countries' Trade in Agricultural Products, 1993-97

	rts

		I	n Billion US		ve Share %)	Annual		
Year/Region	1993	1994	1995	1996	1997	1993	1997	Growth: 1993-97 (%)
World	3,730.60	4,243.40	5,083.60	5,277.60	5,456.50	100.0	100.0	9.5
Industrial countries	2,583.80	2,907.00	3,461.30	3,552.70	3,631.90	69.3	66.6	8.5
Developing countries	1,146.73	1,336.37	1,622.32	1,724.92	1,824.57	30.7	33.4	11.6
Asia	646.29	768.57	933.55	976.28	1,041.62	17.3	19.1	11.9
-of which: -Bangladesh	2.27	2.66	3.17	3.30	NA	0.06	0.06ª	12.5 ^b

ī	nanta
ш	ports

World	3,774.90	4,291.40	5,120.70	5,365.90	5,530.90	100.00	100.00	9.5
Industrial countries	2,547.60	2,888.80	3,414.40	3,538.70	3,616.30	67.5	65.4	8.8
Developing countries	1,227.25	1,402.60	1,706.36	1,827.27	1,914.61	32.5	34.6	11.1
Asia	685.64	803.55	989.02	1,041.38	1,063.04	18.2	19.2	11.0
-of which: -Bangladesh	4.00	4.70	6.50	6.62	NA.	0.11	0.12ª	16.8 ^b

a. Relative share for 1996.

Source: International Monetary Fund, *International Financial Statistics*, June 1998, pp. 60-61.

Table 10. Broad Features of Bangladesh's Trade in Agricultural Products

Agricultural Trade Category	1980-84	1985-89	1990-94	1995-97
Total agricultural trade as % of total trade	20.88	22.77	12.81	12.54
Agricultural imports as % of total agricultural trade	90.23	91.66	92.35	94.26
Agricultural imports as % of total imports	25.16	29.48	18.88	19.52
Agricultural exports as % of total exports	8.65	6.49	2.64	1.59
Imports of primary agricultural products as % of agricultural imports	66.16	53.34	60.23	61.55
Exports of primary agricultural products as % of agricultural exports	93.16	97.21	95.80	97.50

Note: Total Trade = Imports + Exports.

b. Growth rates for 1993-96.

- 2. Total agricultural trade has remained overwhelmingly dominated by imports accounting for over 90% of total agricultural trade. Over time this domination by agricultural imports showed an increasing trend, reflecting a relative and an absolute decline in agricultural exports.
- 3. Agricultural imports constituted a quarter to about 30% of total imports in the 1980s and close to one-fifth of total imports in the 1990s. In contrast, agricultural exports accounted for a much smaller fraction of total exports at only around 2% in the 1990s, which was sharply down from 6% to 8% in the 1980s and 98% of these exports consisted of primary commodities—tea and vegetables.

Trends in Agricultural Imports and Exports

The trends in imports and exports of various agricultural products during the 1980-97 period are presented in Tables 11 and 12, respectively. These estimates have been made using trade data in current U.S. dollars. Since the Bangladesh taka underwent considerable nominal devaluation over time, growth estimates on the basis of the trade data in the national currency would give spurious (inflated) results. The U.S. dollar has remained a relatively stable currency in the world market for much of the period. It should be noted, however, that the analysis of growth trends of agricultural products in current U.S. dollars still remains affected by the fact that during the mid-1980s the world prices for agricultural products fell considerably. To estimate the average annual growth rates for different time periods and to look at other characteristics, the trade data for individual years were averaged for 5 years up until 1993/94 and for 3 years for the subsequent years up to 1996/97, the latest year for which the detailed trade data were available. Because of year-to-year fluctuations in imports and exports, this averaging has made the data more representative and lent more credibility to the estimates of annual average growth rates in the different subperiods.

During the 1980-94 (pre-UR) period, Bangladesh's total imports increased at 5.3%/year, and total exports increased at 11%/year. After 1993/94 total imports and total exports increased at a slower pace—2.1%/year and 3.8%/year, respectively. During the 1995-97 period, on average Bangladesh imported goods worth \$3.7 billion/year and exported goods worth \$2.3 billion/year leaving an annual deficit of about \$1.4 billion in the balance of trade. Of these, agricultural goods

(included in this study) accounted for 20% of imports and 2% of exports. During the same period, agricultural imports totaled \$721/year million and agricultural exports \$37/year million annually on average, leaving a balance of trade deficit of \$684/year million in the agricultural trade account.

Bangladesh's agricultural trade is heavily dominated by primary products, especially cereals. During the 1995-97 period, primary products accounted for over 60% of the agricultural imports and over 95% of agricultural exports. The most important imports are cereals, raw cotton, oilseeds, and fruits and vegetables and processed imports are animal or vegetable fats and oils (edible oils, excluding fish oil) and dairy products. Likewise, primary exports are tea and spices, tobacco, and vegetables. No single primary processed product dominates exports. Even by size, exports of processed agricultural products constitute a small fraction of agricultural and total exports. During the 1995-97 period, Bangladesh exported less than\$1 million worth of processed agricultural products. The disturbing fact is that not only the earnings from processed agricultural exports are small, if not minuscule, but these exports have been declining at 6%/year during the 1980-94 (pre-UR) period and at a much faster rate thereafter. The exports of primary products have also been declining rapidly. These declining trends may be a result of both inadequate policies and support measures and increased domestic demand due to population and income growth. Poorly developed marketing networks and lack of supporting infrastructures such as packaging, storage, transportation and other necessary complementary facilities have also seriously constrained Bangladesh to develop agriculture and enter the world market in agricultural products in a significant way [Faruqee, 1998; World Bank, 1998].

Unlike exports, agricultural imports have been increasing at an appreciable rate. During the pre-UR period, imports of primary commodities increased at 1.4%/year and those of processed commodities increased at 4%/year. This trend in processed commodities is consistent with the similar trend in OECD countries where trade in processed commodities has increased at a faster pace than that in primary commodities [OECD, 1997]. This higher annual growth in processed imports in Bangladesh seems to be a result of two factors. First, growth in population and income and changes in consumer preferences have created demand for processed foods and therefore led to increased

Table 11. Imports of Agricultural Products

Primary Agricultural Products	Year and Period											
					Aver	age Annu	al Growth	(%)				
Product group					1985-89	1990-94	1990-94	1995-97				
	Annual Average (million US \$)			over	over	over	over		Percent	of Total		
	1980-84	1985-89	1990-94	1995-97	1980/84	1985-89	1980-84	1990-94	1980-84	1985-89	1990-94	1995-97
Live animals	0.004	0.123	0.119	1.651	100.34	-0.60	41.11	92.86	0.00	0.00	0.00	0.0
Meat	0.001	1.870	1.390	1.164	376.02	-5.75	111.81	-4.35	0.00	0.07	0.04	0.0
Milk and cream, fresh	0.000	0.009	0.000	0.036	not est.	-100.00	not est.	not est.	0.00	0.00	0.00	0.0
Eggs in shell	0.000	0.004	0.939	0.348	not est.	197.50	not est.	-21.99	0.00	0.00	0.03	0.0
Plants, flowers, bulbs, tubers	0.000	0.001	0.001	0.007	not est.	7.65	not est.	60.05	0.00	0.00	0.00	0.0
Vegetables, fresh, chilled, etc.	1.844	11.957	45.299	21.632	45.34	30.52	37.73	-16.87	0.09	0.46	1.33	0.5
Fruits and nuts, fresh/chilled/dried	7.924	12.871	14.560	15.296	10.19	2.50	6.27	1.24	0.39	0.50	0.43	0.4
Coffee, tea, mate and spices	4.700	10.461	24.222	10.163	17.35	18.28	17.82	-19.52	0.23	0.40	0.71	0.2
Cereal, cereal products, unmilled	233.375	305.272	179.586	226.367	5.52	-10.07	-2.59	5.96	11.51	11.77	5.27	6.1
Oilseeds and oligenous fruits	7.861	14.572	38.005	46.411	13.14	21.13	17.07	5.12	0.39	0.56	1.12	1.20
Raw sugar and honey	0.006	0.339	5.659	22.856	126.65	75.63	99.52	41.76	0.00	0.01	0.17	0.62
Tobacco, unmanufactured	0.939	1.787	5.709	7.684	13.74	26.15	19.78	7.71	0.05	0.07	0.17	0.2
Raw cotton	80.763	48.565	71.640	90.170	-9.67	8.09	-1.19	5.92	3.98	1.87	2.10	2.4
Total Imports of these primary products	337.415	407.831	387.132	443.784	3.86	-1.04	1.38	3.47	16.65	15.73	11.37	12.0
Meat processed	0.024	0.001	0.000	0.011	-42.75	-30.27	-36.82	156.44	0.00	0.00	0.00	0.0
Meat, processed	0.024	0.001	0.000	0.011	-42.75	-30.27	-36.82	156.44	0.00	0.00	0.00	0.00
Dairy products	32.347	74.660	72.327	34.125	18.21	-0.63	8.38	-17.12	1.60	2.88	2.12	0.92
Eggs, not in shell and egg yolks	0.001	0.204	0.023	0.002	222.53	-35.27	44.49	-45.27	0.00	0.01	0.00	0.00
Vegetables, preserved or prepared	0.380	0.430	0.152	0.188	2.47	-18.79	-8.78	5.47	0.02	0.02	0.00	0.0
Fruits and nuts, preserved/prepared	0.032	1.862	14.850	16.452	125.28	51.48	84.73	2.59	0.00	0.07	0.44	0.4
Cereal products, other	1.856	4.250	0.574	1.309	18.02	-33.00	-11.07	22.88	0.09	0.16	0.02	0.04
Animal or vegetable fats or oils excluding fish oils	117.825	175.773	146.138	212.273	8.33	-3.63	2.18	9.78	5.81	6.78	4.29	5.7
Sugar and sugar preparations	16.346	96.648	13.534	2.823	42.68	-32.51	-1.87	-32.42	0.81	3.73	0.40	0.08
Coffee, tea and mate preparations	0.036	0.052	0.020	0.087	7.72	-16.92	-5.40	43.76	0.00	0.00	0.00	0.00
Food products, n.e.s.	0.660	1.676	4.085	4.131	20.47	19.51	19.99	0.28	0.03	0.06	0.12	0.1
Animal feed, excluding unmilled cereals	1.241	1.250	2.251	4.837	0.16	12.48	6.14	21.07	0.06	0.05	0.07	0.10
Tobacco, manufactured	1.804	1.299	1.718	0.934	-6.35	5.75	-0.49	-14.14	0.09	0.05	0.05	0.00
Cotton, carded or combed	0.020	0.015	0.113	0.086	-5.26	49.03	18.82	-6.57	0.00	0.00	0.00	0.00
Total imports of these processed agricultural												
products	172.572	358.120	255.786	277.259	15.72	-6.51	4.01	2.04	8.51	13.81	7.51	7.51
Total imports of these primary and processed	Γ											
agricultural products	418,176	525.591	642.917	721.042	4.68	4.11	4.39	2.91	20.63	20.27	18.88	19.52
J							50					10102
Total imports of Bangladesh	2.027.074	2,593.047	3.405.322	3,693,615	5.05	5.60	5.32	2.05	100	100	100	100

Note: Figures are converted using the Bangladesh Bank annual average middle exchange rates. not est. = Could not be estimated due to no positive figure in the base period.

Sources: Bangladesh Bureau of Statistics (BBS).

Table 12. Exports of Agricultural Products

Primary Agricultural Products	Year and Period											
	Anr	nual Averaç	e (million l	JS \$)	Ave	rage Annu	al Growth	(%)		Percent	of Total	
Product Group	1980-84	1985-89	1990-94	1995-97	1985-89	1990-94	1990-94	1995-97	1980-84	1985-89	1990-94	1995-97
					over	over	over	over				
Meat	5.244	12.016	1.727	0.014	1980/84 18.04	1985-89 -32.16	1980-84 -10.51	-70.14	0.74	1.12	0.09	0.00
Milk and cream, fresh	0.000				NE		-10.51 NE		0.74			
Eggs in shell	0.000				NE				0.00	0.00		
Plants, flowers, bulbs, tubers	0.000				NE		NE		0.00	0.00		
Vegetables, fresh, chilled, etc.	1.756				47.87			23.85	0.25	1.16		
Fruits and nuts, fresh/chilled/dried	0.234				21.72		15.07	-59.47	0.03	0.06		
Coffee, tea, mate and spices	46.882				-2.82		-1.70		6.62			
Cereal, cereal products, unmilled	1.364				-77.41		-32.64	-16.89	0.19	0.00		
Oilseeds and oligenous fruits	0.083	0.002	0.117	0.002	-52.62	126.45	3.58	-64.10	0.01	0.00	0.01	
Raw sugar and honey	0.035	0.000	0.000	0.000	-100.00) NE	-100.00	NE	0.00	0.00	0.00	0.0
Tobacco, unmanufactured	0.955				7.36		8,66	-17.83	0.13	0.13		0.0
Raw cotton	0.553				-6.85		-17.56	12.95	0.08	0.04		
Total exports of primary products	57.920	68.610	51.861	36.456	3.45	-5.44	-1.10	-12.70	8.17	6.41	2.55	1.5
Processed Agricultural Products	٦											
Meat, processed	0.000				NE		NE	NE	0.00	0.00		
Dairy products, other than fresh milk and cream	0.000				NE		NE	-25.33	0.00	0.01	0.00	
Eggs, not in shell and egg yolks	0.000	0.034	0.000	0.003	NE	-100.00	NE	NE	0.00	0.00	0.00	0.0
Vegetables, preserved or prepared	0.000	0.008	0.000	0.052	203.82	-67.19	-0.16	548.79	0.00	0.00	0.00	0.00
Fruits and nuts, preserved/prepared	0.000	0.110	0.960	0.030	225.38	54.13	123.95	-57.80	0.00	0.01	0.05	0.00
Cereal products, other	0.156	0.174	0.060	0.077	2.14	-19.28	-9.20	6.69	0.02	0.02	0.00	0.00
Animal or vegetable fats or oils excl. fish oils	0.069	0.120	0.502	0.266	11.80	33.04	21.96	-14.64	0.01	0.01	0.02	
Sugar and sugar preparations	0.531	0.428	0.303	0.000	-4.20	-6.67	-5.45	-100.00	0.07	0.04	0.01	0.00
Coffee, tea and mate preparations	0.000	0.000	0.000	0.000	-100.00	NE	-100.00	NE	0.00	0.00	0.00	0.0
Food products, n.e.s.	0.005	0.064	0.088	0.032	65.29	6.45	32.65	-22.17	0.00	0.01	0.00	0.0
Animal feed, excl. unmilled cereals	3.264	0.727	0.204	0.011	-25.94	-22.44	-24.21	-51.81	0.46	0.07	0.01	0.00
Tobacco, manufactured	0.169	0.150	0.071	0.436	-2.43	-13.97	-8.38	57.62	0.02	0.01	0.00	0.02
Cotton, carded or combed	0.000	0.000	0.000	0.000	NE	NE	NE	NE	0.00	0.00	0.00	0.0
Total exports of processed products	4.195	1.938	2.255	0.935	-14.31	3.08	-6.02	-19.76	0.59	0.18	0.11	0.04
Total exports of these primary and processed	T											
products	62.115	70.548	54.117	37.391	2.58	-5.16	-1.37	-8.83	8.77	6.59	2.67	1.59
Total exports of Bangladesh	708,650	1.070.034	2 020 204	2.354.653	8.59	13.67	11.10	3,77	100.00	100.00	100.00	100.00
I VIAI CAPVI IS VI DAII GIAUCSII	1 100.000	1,070.034	Z,U3U.394	∠,334.033	0.03	13.0/	11.10	J.//	100.00	100.00	100.00	100.00

Note: Figures are converted using the Bangladesh Bank middle yearly average exchange rates not est. = Could not be estimated due to no positive figure in the base period.

NE = Not estimated.

Sources: Bangladesh Bureau of Statistics, except for export figures on vegetables since 1990-91, which have been taken from the Export Promotion Bureau (EPB) because of gross divergence of the BBS figures from the EPB ones.

imports because domestic production capacity was inadequate to satisfy the growing demand. Second, reduction in tariffs and liberalization of trade resulting from the implementation of structural adjustment programs seem to have created a favorable environment for imports of processed products. This trend may continue in the future, not because of the URAA, but because of growth in incomes and changes in preferences and technologies. The positive impact of income growth and technology changes may possibly outweigh the negative impact of price changes resulting from the URAA in the future [OECD, 1997]. The URAA will have minimal impact on these trends because, as noted earlier, Bangladesh's URAA commitments do not contribute in any significant way to the reduction of tariffs or liberalization of trade, in general. However, URAA may create some opportunities for import substitution of edible oils, dairy products, and preserved fruits and nuts if global prices of these products increase significantly in the future.

On the export side, Bangladesh's primary exports are tea and spices, vegetables, and tobacco in the primary group and tobacco and animal and vegetable fats (glycerol) in the processed group. The URAA is unlikely to create significant opportunities for manufactured tobacco, especially in the OECD countries because of general reduction in smoking population for health reasons. Similarly, no significant decreases in tariffs on beverages (tea and coffee) are expected in the OECD countries because these commodities did not enjoy high protection in Europe and North America even before the URAA. However, as transitional economies have opened their domestic market, Bangladesh may benefit by exporting tea and spices to these economies. For example, Poland accounted for 48% of tea and spice exports from Bangladesh in 1995/96.6 Thus, primary and processed fruits and vegetables and other processed products are the only groups in which Bangladesh may hope to benefit due to reduced tariffs and other changes brought about by the URAA in the OECD countries. However, even in this group, the Bangladesh Government will have to take a lead in identifying "niche" markets and providing support in market intelligence, infrastructure development, and technology transfer.

V. Bangladesh's Trading Partners and Their URAA Commitments

Not only the URAA commitments of Bangladesh have an impact on Bangladesh's trade and domestic production, but also such commitments of Bangladesh's trading partners can have an impact on Bangladesh's trade in several ways. First, reduced tariffs and nontariff barriers by Bangladesh's partners on imports coming from Bangladesh and other countries will naturally increase demand for imports. Second, reduced domestic support for agriculture under the URAA in importing countries will result in increased cost of domestic production and make imports relatively more attractive. Third, reduced subsidies on exports may lead to increased prices in the global markets and therefore create incentives for exports from those countries that could not compete because of subsidized exports in the world market. To understand the implications of URAA commitments of Bangladesh's trading partners, we need to focus on two aspects: (1) identify Bangladesh's trading partners and (2) analyze URAA commitments of Bangladesh's trading partners.

Bangladesh's Trading Partners

Tables 13-16 provide country sources of imports and exports of primary and processed agricultural products from 1992/93 to 1996/97. Annex E provides origins of imports and destinations of exports for primary product groups. From these tables, the following observations can be drawn.

1. Bangladesh's main trading partners for primary imports are India, Australia, United States, Pakistan, and Canada. These five countries supplied approximately 70%-80% of the primary agricultural products imported by Bangladesh during the 1993-95 period. A significant increase in Australia's share after 1995 indicates that the URAA-reduction commitments on export subsidies and domestic support in the United States and the European Union (EU) have made Australia, a member of the Cairns group of countries⁷ which worked diligently to bring agriculture under the GATT umbrella and to liberalize agricultural trade, a more competitive supplier of cereals in the world market.

^{6.} See data in Annex E for details.

^{7.} Canada, Australia, New Zealand, Thailand, Indonesia, Malaysia, The Philippines, Argentina, Brazil, Colombia, Chile, Uruguay, Fiji, and Hungary.

Table 13. Imports of All Primary Agricultural Products by Country Source (% Share)

Country	1992/93	1993/94	1994/95	1995/96	1996/97
Australia	5.72	14.37	8.98	11.03	23.92
Bhutan	0.00	0.23	1.18	0.57	1.00
Brazil	0.43	4.01	0.00	0.15	7.09
Burma	0.59	1.28	0.01	0.09	0.12
Canada	10.53	12.05	5.83	7.27	5.36
China	0.92	1.22	0.71	0.00	0.49
France	5.98	4.33	4.50	2.27	2.40
Guatemala	1.47	0.92	0.00	0.17	0.43
India	9.73	11.66	24.15	48.57	23.43
Indonesia	0.54	0.61	0.03	0.00	0.05
Iran	3.46	1.27	0.45	0.00	2.09
Malaysia	4.39	2.42	1.16	0.08	0.53
Netherlands	0.15	0.13	0.12	0.05	0.10
Pakistan	16.27	6.68	12.67	5.18	1.42
Saudi Arabia	0.73	0.26	0.24	0.35	0.42
Singapore	3.29	1.89	0.57	0.23	0.10
Thailand	0.75	1.74	3.39	0.28	2.49
United Arab Emirates	0.24	0.19	0.00	0.06	0.00
United Kingdom	0.00	0.00	1.07	1.07	8.69
United States	32.74	29.40	32.64	19.07	11.13
U.S.S.R.	2.07	5.33	2.29	3.51	8.75
All Countries	100	100	100	100	100

Source: BBS.

Table 14. Imports of All Processed Agricultural Products by Country Source (% Share)

Country	1992/93	1993/94	1994/95	1995/96	1996/97
Argentina	16.65	5.86	0.00	30.78	28.38
Australia	8.41	14.76	7.22	3.41	4.48
Belgium	0.07	0.14	0.21	0.39	0.37
Bhutan	0.00	0.53	5.48	1.39	1.04
Brazil	22.33	19.49	0.00	36.49	34.55
Canada	0.00	0.02	0.00	0.01	0.00
China	0.00	0.03	0.00	0.00	0.00
Denmark	6.40	4.73	8.08	2.97	1.96
France	0.18	0.53	0.25	0.16	0.09
Germany	0.05	0.46	3.80	1.58	0.41
Gibraiter	0.02	0.00	0.00	0.00	0.00
Hong Kong	0.00	0.00	0.07	0.01	0.00
India	2.65	4.12	10.63	6.30	5.18
Iran	1.36	1.44	1.59	0.00	1.58
ireland	2.82	2.80	0.00	0.79	1.25
Korea Republic	0.12	0.32	0.00	0.42	0.06
Korea South	0.00	0.00	0.06	0.00	0.00
Malaysia	24.44	33.33	40.89	4.17	12.18
Netherlands	4.33	3.93	5.01	1.97	1.66
New Zealand	3.83	1.11	11.08	4.68	2.80
Norway	0.19	0.00	0.00	0.00	0.09
Pakistan	0.22	0.82	0.58	0.30	0.47
Poland	2.05	1.39	0.00	3.00	2.29
Singapore	1.16	0.94	1.64	0.24	0.34
Taiwan	0.00	0.00	0.00	0.00	0.00
Thailand	2.27	2.04	2.20	0.69	0.40
United Kingdom	0.41	1.18	0.80	0.10	0.14
United States	0.03	0.01	0.42	0.15	0.27
All Countries	100	100	100	100	100

Source: BBS.

Table 15. Exports of All Primary Agricultural Products by Country Destination (% Share)

Country	1992/93	1993/94	1994/95	1995/96	1996/97
Bahrain	1.07	1.35	0.00	0.00	0.17
China	0.77	2.28	0.00	0.00	0.60
Germany	1.94	2.55	2.37	1.04	0.64
Hong Kong	0.00	0.07	0.00	1.19	0.00
Italy	0.00	0.00	0.00	0.00	0.08
Japan	0.10	0.52	0.67	0.17	0.00
Kenya	0.00	0.00	0.07	0.00	0.00
Malaysia	0.00	0.19	0.00	0.00	0.00
Pakistan	35.81	30.43	31.48	14.09	32.56
Philippines	0.00	0.00	0.00	0.00	0.00
Poland	24.49	29.96	29.54	75.84	50.33
Portugal	0.00	0.00	0.00	0.00	0.38
Saudi Arabia	3.06	2.24	0.00	0.00	2.05
Singapore	0.47	0.03	0.47	0.00	0.02
Spain	0.59	0.00	0.00	2.42	0.00
Sri Lanka	0.00	0.00	0.00	0.00	0.05
Taiwan	0.17	0.04	0.00	0.00	0.00
United Arab Emirates	5.12	4.36	1.94	1.91	1.57
United Kingdom	16.68	8.96	4.58	0.17	4.87
United States	1.11	0.39	0.00	0.00	0.68
U.S.S.R.	8.60	16.64	28.88	3.18	6.01
All Countries	100	100	100	100	100

Source: BBS.

Table 16. Exports of All Processed Agricultural Products by Country Destination (% Share)

Country	1992/93	1993/94	1994/95	1995/96	1996/97
France	0.00	0.00	0.00	0.00	1.01
Hong Kong	0.00	0.00	1.30	0.00	24.31
India	28.15	15.72	13.85	3.61	12.87
Kuwait	0.18	0.24	0.67	0.53	2.12
Malaysia	0.00	0.00	0.00	22.33	0.05
Netherland	0.00	8.59	0.00	0.00	0.00
Paraguay	0.00	0.00	4.63	0.00	0.00
Qatar	2.87	3.69	0.00	2.71	0.00
Saudi Arabia	16.01	14.13	1.84	3.40	8.00
Singapore	0.00	0.31	26.61	0.55	38.12
Sri Lanka	0.00	0.00	0.00	0.00	3.21
Taiwan	1.77	0.31	0.00	0.00	0.00
Thailand	6.57	0.00	0.00	0.00	0.00
United Arab Emirates	3.87	4.41	2.40	6.51	2.93
United Kingdom	38.70	48.95	0.00	0.00	0.08
United States	1.87	1.73	48.70	30.10	7.30
U.S.S.R.	0.00	1.92	0.00	30.26	0.00
All Countries	100	100	100	100	100

Source: BBS.

- 2. Although processed products came from diverse sources, Argentina, Brazil, and Malaysia supplied a large share of processed imports. Other important sources are India, Australia, New Zealand, Denmark, Bhutan, Poland, and the Netherlands.
- 3. Pakistan and Poland are the principal export destinations of Bangladesh for its main products. The former Soviet Union, Saudi Arabia, United Arab Emirates, and United Kingdom are other important export destinations. The fact that Poland has become an important destination for Bangladesh's primary exports after 1995 indicates the influence of both economic reforms and UR agreements on opening of formerly controlled markets.
- 4. For the processed exports, which are small in value anyway, India, the United States, and Saudi Arabia are the principal destinations. Singapore, Hong Kong, and Malaysia are other important partners. Since Bangladesh does not offer many processed products for export, there are few trading partners. As indicated earlier, although trade in processed products is increasing at a faster rate in the OECD countries, Bangladesh cannot benefit from these trends unless it devotes significant efforts to developing infrastructures, skills, and technologies for penetrating these markets.

URAA Commitments of Bangladesh's Trading Partners

For discussing the URAA commitments, Bangladesh's trading partners are divided into two groups: (1) OECD countries and (2) South Asian countries. In addition, the URAA commitments of selected countries for agricultural inputs are also described.

URAA Commitments of Organization for Economic Co-Operation and Development Countries

It was indicated earlier that Bangladesh imports from and exports to several OECD countries. Tariff reduction and export subsidy commitments of these countries are likely to impact Bangladesh's trade and domestic production of several commodities. Tables 17 and 18 provide information about tariff reduction commitments of OECD countries. For the three important exports—tea, fruits and vegetables, spices, and tobacco—from Bangladesh, OECD countries as a group have committed to reduce tariffs by 35%, 36%, 35%, and 36%, respectively. For fruits and vegetables, tariff reduction commitments vary from 28% to 39% among the European Union, the United States, and Japan.

The breakdown of fruits and vegetables among fresh or chilled and processed or preserved groups reveals that tariff reductions vary from 23% in EU to 50% in

Table 17. Tariff Reductions on Agricultural Products (Percent Reductions, Simple Average)

Products	OECD	EU	United States	Japan
Coffee, tea, and cocoa	35	41	21	
Fruit and vegetables	36	28	39	33
Spices	35	43	38	39
Animal products	32	42	34	30
Oilseeds	40	42	42	34
Tobacco	36	25	41	46
Other	48	48	51	16

Source: FAO [1998].

Table 18. Overview of Tariff Reduction Commitments by Primary Product Categories (Simple Average of Percentage Reduction)

Products	EU	United States	Japan	Canada	Norway	Australia	New Zealand
Vegetables Fresh or chilled Frozen, dried, prov. preserved Prepared or preserved	23	34	38	34	33	50	31
	50	46	40	40	30	44	36
	25	35	34	33	28	30	40
Fruit and nuts Fresh or chilled Preserved and processed	28	34	43	42	51	54	24
	26	37	40	38	39	30	48
Dairy products Fresh milk and cream Powders, butter, and yogurt Cheese and curd	36	15	15	36 (15)	15	Free	25
	35	15	18	37 (15)	15	47	33
	36	20	29	36 (15)	15	50	36
Cereals Basic Prepared	37	50	27	39 (15)	37	65	38
	35	31	23	37 (15)	35	52	46

Note: In the Canadian schedule, tariff reduction commitments are entered for both above and withinquota imports. Numbers within brackets show tariff reduction applied on over-quota quantities.

Source: Uruguay Round schedules. Reproduced from OECD [1997].

Australia for fresh or chilled vegetables and 28% to 54% for fresh or chilled fruits. For preserved or processed fruits and vegetables, tariff reductions vary from 25% in EU to 48% in New Zealand (Table 18). Even in absolute terms, EU and Japan have reduced tariffs on tropical fruits considerably (OECD, 1997, p.46). It is in this area that Bangladesh may potentially benefit significantly by identifying niche markets, as it has done for French beans and baby pineapples. An aggressive marketing approach will be needed to tap these potential markets. Tariff reduction on tea may also benefit Bangladesh, but base tariffs on tea and coffee were already low-4%-6%. As indicated earlier, opening of the markets in transitional economies offers better prospects for tea and spices in the short to medium term. Likewise, tariff reduction on tobacco may also have marginal impact. It must be stressed that any advantage resulting from these tariff reductions may be compromised by the loss of Generalized System of Tariff Preferences (GSP)privileges currently enjoyed by Bangladesh. Under GSP, Bangladesh enjoys preferential access to OECD markets at low or no tariffs. In the future, these preferences will be replaced by open

access, and Bangladesh will have to compete with other developing countries such as Swaziland, Uganda, and Mozambique for exports of fruits and vegetables. However, given the labor-intensive nature of these products and being a labor-abundant country, Bangladesh should be able to keep and perhaps increase its share in these markets.

Edible oils and dairy products are two primary imports for Bangladesh. Reductions in both tariffs and export subsidies for these products are expected to affect Bangladesh adversely in the short term by raising global prices. However, in the long run these commitments may create opportunities for domestic production for cost-effective import substitution. For edible oils, tariff reductions average 42%—ranging from 36% in Australia to 47% in Japan and for dairy products from 15% in Norway to 50% in Australia. However, for the latter products "base tariffs are high and reduction commitments are minimal (OECD, 1997)." Because tariff reductions are minimal for dairy products, it is unlikely that these commitments will have a significant impact on global prices. However, export sub-

sidy reduction commitments may exert upward pressure on dairy product prices.

Export subsidy reduction commitments of selected countries for various products are presented in Table 19. The impact of export subsidy reduction commitments on the quantity of subsidized exports is summarized in Table 20. The European Union, the United States, and Australia have committed to reduce export

subsidies by 36%. Export subsidies are expected to be reduced by 10%-32% on dairy products in OECD countries. The quantity of subsidized exports is expected to be reduced less than 1% of vegetable oils to 17% of milk powder. It should be noted that nearly 25%-53% of dairy products and over 40% of wheat-related exports in 1992 were subsidized. In contrast, subsidized exports accounted for only 6% and 1% of global trade in oil seeds and vegetable oils, respectively. Because

Table 19. Export Subsidy Reduction Commitments by Selected Countries (US \$ Million)

	Exports Subsidies		idies	
Participant	Base	Final	Change	Product Composition of Export Subsidies
European Union	13,274	8,496	-36	Bovine meat (19%), wheat (17%), coarse grains (13%), butter (13%), other milk products (10%)
United States	929	594	-36	Wheat (61%), skim milk powder (14%)
Mexico	748	553	-26	Sugar (76%), cereal preparations (21%)
Colombia	371	287	-23	Rice (32%), cotton (20%), fruits and vegetables (23%)
Turkey	157	98	-37	Fruits and vegetables (36%), wheat (23%)
Australia	107	69	-36	Other milk products (32%), skim milk powder (27%), cheese (25%), butter (16%)
Brazil	96	73	-24	Sugar (56%), fruits and vegetables (30%)

Source: FAO [1998].

Table 20. Export Subsidies: Aggregate Quantities and Reduction Commitments of OECD Countries for Selected Commodities

	Aggregate Volume of Subsidized Exports ('000 tons)			of 1992 World ports	Reduction as a Percentage of
Product	Base	2000	Base	2000	1992 World Exports
Wheat and wheat flour	48,230	38,100	40.4	31.9	8.5
Coarse grains	20,195	15,955	18.2	14.4	3.8
Butter and butter oil	673	533	52.5	41.6	10.9
Skim milk powder	578	275	32.5	15.5	17.0
Cheese	555	440	25.0	19.8	5.2
Pig meat	573	452	15.8	12.5	3.3
Poultry meat	404	320	13.3	10.5	2.8
Bovine meat	1,165	921	14.4	11.4	3.0
Oilseeds	2,257	1,783	6.1	4.8	1.3
Vegetable oils	296	234	1.6	1.3	0.3
Sugar	1,617	1,277	9.8	7.7	2.1

Source: FAO [1998].

most of the oilseeds and edible oils are imported from Malaysia, Argentina, and Brazil, where export subsidies are minimal, Bangladesh may not experience a significant increase in import prices of these products. Moreover, in contrast to cereals and dairy products, subsidized exports of oilseeds and vegetable oils accounted for a small portion of global trade in 1992 as noted above. Hence, the adverse impact of price increases resulting from subsidy reduction commitments for oilseeds and edible oils on Bangladesh is expected to be minimal.

URAA Commitments of South Asian Countries

Among the four South Asian developing countries of Bangladesh, India, Pakistan, and Sri Lanka, Bangladesh is the lone LDC. Compared with the other three countries, Bangladesh's post-UR-bound tariffs on agricultural products could be seen as most conservative. Sri Lanka's bound tariffs at 50% for all of their agricultural products except some food items are the lowest and most outward-looking among the group. Pakistan, which had a very small number of pre-UR tariff bounds, agreed to bind all tariff lines and chose to bind most agricultural products at 100% to be effective in 1995. Both Bangladesh and Pakistan opted to bind tariffs for primary agricultural products at a higher level than their rates in 1986-88. On the other hand.

India and Sri Lanka bound their rates for similar products at lower rates than the operative ones. While India's most favored nation (MFN) tariff bounds on most agricultural products are generally at 100%, 150%, or 300%, MFN tariffs as low as 40% to 10% were set for a number of agricultural products such as live animals, sugar, fresh cheese and butter, and some vegetables, and the previously bound zero rate was maintained for some major food staples like rice and sorghum. India apparently escaped from the tariffication requirement on balance-of-payments grounds and continues to maintain extensive quantitative restrictions on imports of agricultural products primarily through state monopolies [Majd, 1995].

The UR will help strengthen trade liberalization reforms of India, Pakistan, and Sri Lanka as they need to bring about an average 24% reduction in their tariffs by 2004. They are also required to effect a similar reduction in their export subsidies. Bangladesh may both benefit and face increasing export competition from these trade reforms of their neighboring countries.

URAA Commitments of Selected Countries for Agricultural Inputs

The Uruguay Round tariff commitments of selected countries for agricultural inputs—fertilizers and agricultural machinery—are presented in Table 21. It is

Table 21. Tariffs on Fertilizers and Agricultural Machinery in Selected Countries

	Tariffs o	on Fertilizers	Tariffs on Agric	ultural Machinery
	Pre-UR	Post-UR*	Pre-UR	Post-UR ^a
		(0)	%)	
Developed Countries				
Canada	0	0	0-12	0-8
United States	0	0	2-4	0
Australia	0-2	10	15	0
European Union	0-8	0-6.5	2-6	0-2
Poland	10	6.5	15	9
Developing Countries				
China	5-6	20	12-20	20-35
South Korea	20	6.5	15	0
India	0-5	5	40-115	25-40
Pakistan	16	40	36	50
Sri Lanka	NR	NR	NR	NR

a. Bound rates.

NR = Not Reported.

Source: UR Schedules.

clear from the table that few countries have had high tariffs on fertilizers. Because of food security reasons, most nations allowed fertilizer imports without tariffs or quotas (Bumb, 1998a). Even in the European Union, most fertilizer products carried low duties. Only Poland and the Republic of Korea imposed 10%-20% tariffs on fertilizers. During the post-UR period, most countries are expected to continue low tariffs on fertilizer imports although some countries have indicated high bound rates as a precautionary measure. Because there are minor changes in tariff rates and few countries subsidized fertilizer exports, the URAA commitments are unlikely to affect global fertilizer prices or trade significantly. Global trade in fertilizers has been increasing at over 3%/year even before the Uruguay Round (Bumb 1998b). Moreover, due to other changes including the increase in exports from Eastern Europe and Eurasia during the 1990s, fertilizer prices have been declining in recent years (Table 22).

Although tariffs on agricultural machinery are generally higher than those on fertilizers and India is an exception in terms of having very high tariffs, the committed reductions on tariffs are unlikely to affect the global agricultural machinery prices significantly. General tariff reduction in OECD countries ranges from 2 percentage points to 15 percentage points. In developing countries, excluding India, this range is 6 percentage points to 15 percentage points. Although India had high tariffs before the UR, its bound tariffs are significantly lower.

VI. Implications of the Uruguay Round Agreements

General Impact on Developing Economies

Developing countries' agricultural trade and growth will be impacted particularly by the liberalization in agricultural trade postulated in the specific URAA, and to some extent, by the general overall Uruguay Round Agreement. Some reviews of possible impact of the UR on the developing countries' trade and growth seem to suggest modest short-term gains in general for such economies, with possible negative impact for net food-importing countries because of an expected increase in global grain prices. However, these economies can expect to gain in the long run from the URAA and the overall global liberalization

that has been implemented under the UR Agreement as a whole.

The UR-provisioned liberalization reform has been required to be implemented over a period of 6-10 years (6 years for developed and 10 years for developing countries) starting in 1995, and the implementation is likely to be concentrated toward the end of the activity period. This factor, coupled with the fact that many developing countries have committed their reduction commitments in import tariffs not from actual operative levels as in 1994 but from "bound" levels which were set at levels higher than the actual operative ones, is likely to dilute or frustrate to some extent the full impact of the UR. In addition, the simple arithmetic average tariff reduction requirement with a much lower minimum reduction for each tariff line will also enable countries to reduce tariffs at a slower rate on products which the concerned country thinks need continuation of greater trade protection. Furthermore, the de minimis provision, which allows countries to provide trade or production-distorting domestic support (price support to marketed output) up to an amount equivalent to 5% (10% for developing countries) of domestic production, also considerably compromises the UR's trade liberalization impact.8 The UR also permits state trading, which is also usually trade distorting. Despite these limitations, the abolition of nontariff trade barriers and consequent "tariffication" requirements and

Table 22. Global Fertilizer Prices

	Urea (Middle East)	TSP (U.S. Gulf)	MOP (Vancouver)		
		(US \$/ton)			
Pre-UR					
1986-88 (Av)	95.0	139.0	76.0		
1990	135.6	129.0	94.5		
1994	138.5	133.0	112.5		
Post-UR					
1995	211.9	155.5	112.5		
1996	196.7	177.4	112.5		
1997	137.1	168.0	112.5		
1998	99.1	170.0	112.5		
1999 (estimates)	90.0	160.0	110.0		
2000 (projections)	115.0	150.0	110.0		

Note: Fertilizer prices are f.o.b. Middle East for urea, f.o.b. U.S. Gulf for triple superphosphate (TSP), and f.o.b. Vancouver, Canada for muriate of potash (MOP).

Source: IFDC (actual and estimates) and World Bank (projections).

^{8.} The marketed portion of domestic production of a product, if lower than the total output, can receive such support at a higher rate.

anticipated tariff and export subsidy cuts and domestic support reduction requirements under the URAA are expected to strengthen developing economies' agricultural export and import substitution prospects. More importantly, the URAA has opened the door for liberalizing agricultural trade through future negotiations. Such liberalization may generate benefits to developing countries in the long run. These benefits will result from reduced tariffs, export subsidies, and domestic support to agricultural production. In the future, all tariff lines will be bound (Table 23), which will provide a transparent signal to exporting countries in terms of planning and investment for export markets. Reductions in export subsidy and domestic support will also contribute to increased trade from those developing countries that have a comparative advantage in agricultural products.

Short-Run Impact

This impact comes from two opposing kinds of effects on production and consumption of agricultural products in developed and developing countries. The expected outcome of agricultural liberalization in de-

veloped countries in the forms of reductions in subsidies and tariffs, and domestic support is a shrinkage of domestic production and an increase in domestic consumption and a consequent upward pressure on the world prices of agricultural products. On the other hand, developing countries, because of agricultural liberalization, face the prospects of increased domestic production and reduced domestic consumption of agricultural products in view of the fact that agricultural policies in these countries have, in general, tended to tax agriculture through greater protection to nonagricultural products, exchange rate distortion, monopoly of marketing boards, and subsidization of urban consumption. These developments would have a downward pressure on the world prices of agricultural products. As Valdes and McCalla suggest, the net impact of these two opposing consequences in developed and developing countries will be modest increases in the world agricultural prices [Valdes and McCalla, 1996].

The developing countries can, in general, expect to receive modestly improved access in the world market, mainly as a consequence of the agricultural liber-

Table 23. Pre- and Post-UR Scope of Bindings for Agricultural Products (Number of Tariff Lines, Import Values, and Respective Percentages)

		Import Value	Percentage Lines I		_	of Imports und Rates
Country Group or Region	Number of Lines	(billion US \$)	Pre-UR	Post-UR	Pre-UR	Post-UR
By primary country gro	oup:					
Developed economies	14,976	84	58	100	81	100
Developing economies	23,615	30	18	100	25	100
Transition economies	2,841	5	51	100	54	100
By selected region:						
North America	2,297	20	92	100	96	100
Latin America	8,867	6	36	100	74	100
Western Europe	11,345	38	45	100	87	100
Central Europe	3,502	6	45	100	50	100
Asia	12,660	49	17	100	40	100

Source: FAO [1998].

alization effected in the developed countries. The most significant impact of the URAA for developing countries is likely to come from the commitments undertaken by the developed countries with regard to export subsidy and domestic support reductions mentioned earlier in Section V.

Long-Run Impact

Apart from what could be called price or substitution effects of the URAA, there will be long-run gains of the overall trade liberalization attributable to the entire UR Agreement through income and growth gains to both developed and developing countries, which will also reinforce the UR trade creation impact for developing countries' agricultural products.

Implications for Bangladesh

The patterns of agricultural trade, explained earlier, offer limited opportunities for Bangladesh. Bangladesh had so far a relatively low and stagnant participation in world agricultural trade. Agricultural trade was mostly in imports. Exports accounted for only a tiny share of agricultural trade in recent years. This reflected an underlying absolute decline in agricultural exports in the 1990s; whereas, growth in agricultural imports though low at about 3% annually—was more rapid in recent years than in the 1980s. Agricultural exports have been almost entirely in primary products. Export trade in processed agricultural products has been virtually nonexistent. In recent years, some nontraditional primary agricultural products such as vegetables and fruits have entered the export trade, but except for vegetables none have increased in recognizable export importance.

During the last decade, growth in trade of agricultural products in OECD countries has been more rapid for processed than for primary agricultural products, and such products as processed cereal products and fruits and vegetables had exceptionally buoyant growth [Tables 24 and 25]. Some developing countries such as the Latin American economy, Chile, distinguished itself in showing a rapid development of exports of agricultural products in recent years. Bangladesh's trade matrices by country of recent years also show that it imported processed agricultural products principally from two other Latin American countries, Brazil and Argentina, and a South Asian developing economy, Malaysia.

By the end of the implementation period of URAA, i.e., by 2000 in developed countries and 2004 in developing countries, tariffs will be reduced from bound levels in the former countries by an average of 36%

and in the latter countries other

Table 24. OECD: Annual Growth in Agricultural Trade, 1980-82 to 1990-92

	Imports	Exports
	(%	6)
Primary	2.2	0.1
Processed	5.4	4.5

Source: OECD (1997).

Table 25. OECD: Growth in Trade of Selected Commodity Groups, 1980-82 to 1990-92

Imports	Primary	Processed
	(9	%)
Vegetables	7.3	8.5
Fruits	7.4	9.4
Coffee/tea/spices	-2.6	3.5
Cereals	-4.1	11.8

than the LDCs by an average of 24%. It is expected that tariff reductions that will be effected on some broad groups of products such as coffee, tea, cocoa, fruits, vegetables, and tobacco in the OECD, EU, the United States, and Japan range between 21% and 41%, although from a low tariff base. Since Bangladesh exports tea, fruits, vegetables, and tobacco, it should gain some advantage from such tariff reductions on these products in these regions or countries, although this advantage will be slightly compromised by the loss of generalized special preference (GSP) currently enjoyed by Bangladesh. Moreover, Bangladesh should be able to export some of the agricultural products to transitional economies and other developing countries because of greater access that will be gained to these markets due to tariff decreases.

The implementation of the export subsidy reductions that are stipulated by the URAA is likely to yield greater benefits for developing countries such as Bangladesh. Nontraditional and processed agricultural products of developing countries, which are likely to benefit most from export subsidy reductions of developed countries, are dairy products, fruits, and vegetables, while other agricultural products that will also be affected by the export subsidy decreases include wheat and wheat flour, coarse grains, some animal meat, oilseeds, vegetable oils, and sugar. Since developed economies have been maintaining heavy subsidies on such products, a reduction in both export subsidies and domestic support may lead to higher world prices and may open import substitution possibilities for such products as edible oils, dairy products, processed fruits and vegetables, and cereal products. In this context, lower tariffs on imports from Bhutan should be reexamined so that processed products from neighboring countries do not enter Bangladesh via Bhutan at lower tariffs. Because there is a captive market for urea in South Asia and because Bangladesh has resources for producing urea for exports, Bangladesh should explore the possibility of expanding urea production for exports.

In some available literature, the magnitude of the positive effects of the URAA has been estimated to be

small in the short run in view of the small price gain advantages that are likely to emerge from the URAA. In the long run, relatively larger gains are expected. However, the benefit, if any, should be qualified on some other grounds. First, autonomous movements in the world prices of agricultural products may nullify or frustrate the price gains that are likely to result from the implementation of subsidy or tariff reductions. In recent years, world prices of agricultural products and inputs have slumped [Table 26]. This positions exporting developing countries at a net disadvantage, which may more than offset the possible gain to be derived from the URAA but reduces the cost of imports by fooddeficit countries including Bangladesh. Second, there has been a currency turmoil in several developing countries and transitional economies such as Russia. The currency turmoil has curbed the market access possibilities to the countries, which had to contend with large devaluations of their currencies, and reduced the competitive strength of those countries, including Bangladesh, which are maintaining relatively stable currencies. The operation of such factors makes the impact of the URAA unclear. It is essential that Bangladesh follow an exchange rate policy that is in line with the currency movements in other countries so that any competitive disadvantage that Bangladesh faces because of an existing inappropriate exchange rate is duly corrected by an appropriate adjustment of the exchange rate. In addition, Bangladesh must also devote more resources in identifying "niche" markets for exports (fruits, vegetables, urea, tea, and other products) and developing skills and technologies to capitalize on such opportunities.

VII. Summary, Conclusion, and Policy and Technical Recommendations

Summary and Conclusion

This study focused on Bangladesh's URAA commitments for seven commodity groups—processed

Table 26. World: Commodity Prices and Price Projections

Unit	1990	2000	2005
		(US \$/ton)	
Grains			
Rice	271	286	278
Wheat	136	125	134
Maize	109	101	104
Oilseeds/Oils			
Groundnut oil	964	751	680
Soybean oil	447	460	435
Soybeans	247	193	207
Fertilizers			
Urea	131	89	112
TSP	132	141	124
MOP	98	113	103

Source: World Bank (1999).

cereals, dairy products, edible oils, poultry products, fruits and vegetables, fertilizers, and agricultural machinery. An assessment of actual tariffs and support measures with the URAA commitments is made and implications of the URAA commitments of Bangladesh and its trading partners for Bangladesh's agriculture and agribusiness development are discussed.

The main conclusions of this study can be summarized as follows.

- 1. Because it is a least developed country (LDC), Bangladesh is exempted from reduction commitments on tariffs, export subsidies, and domestic support to agriculture under the URAA. Nevertheless, from the URAA perspective, Bangladesh's trading environment is generally distortion free for the seven commodity groups included in this study. Because Bangladesh has liberalized its foreign trade at a faster pace than what is implied by the URAA, Bangladesh's URAA commitments on tariffs are unlikely to have any significant impact on its trade because actual (operating) tariffs for most commodities are much lower than bound tariffs (200% on most commodities) under the URAA.
- 2. Bangladesh provides minimal domestic support to agriculture and agribusiness. No direct price-distorting subsidies are provided to exports of primary and processed commodities. Indirect support to commodity exports is also minimal and mostly consistent with URAA provisions. In fact, Bangladesh can and should use the Green Box measures and other URAA provisions to promote sound agriculture and agribusiness development in the country.
- 3. Reductions in tariffs, export subsidies, and domestic support to agriculture in the developed and developing countries, especially Bangladesh's trading partners, may open opportunities for both import substitution and export promotion in Bangladesh. However, it is unlikely that Bangladesh can benefit significantly in the short run from such opportunities because of the small size and narrow base of the agricultural trade, the small price effect of the URAA, and the resulting loss of its current GSP privileges. Most of its agricultural trade is in imports; whereas, agricultural exports account for less than 2% of the total export trade.

- Not only is the size of export trade small but also it is dominated by primary products. Bangladesh virtually exported nothing in recent years in the form of processed agricultural products, as defined by the URAA (which exclude jute products and fish and fish products) and, worse still, whatever little was exported had been declining over time.
- 4. In the short term, URAA may open opportunities for import substitution of edible oils and dairy products if global prices of these commodities increase significantly. In the long term, Bangladesh may benefit from exports of agroprocessed products, especially fruits and vegetables, provided it takes a "proactive" policy approach to develop the agroprocessing sector by instituting suitable measures for technology transfer, market research, infrastructure development, and enabling policy environment as suggested in the following subsections.

Policy and Technical Recommendations

Policy and technical recommendations are divided into two groups. The first group includes policy and technical recommendations related to the Uruguay Round Agreements, whereas the second group deals with the policy and technical measures necessary for developing agriculture and agroprocessing in the country.

1. Policy and Technical Recommendations Related to the URAs

- a. Tariff bounds declared in the UR schedules are unnecessarily high. For most commodities, except poultry products, bound tariffs can be easily reduced from 200% to a maximum of 50% in the next round of multilateral trade negotiations. However, to encourage the production of agricultural inputs in the country, tariff bounds on fertilizers and agricultural machinery should be raised from zero percent to 50%.
- b. The remaining quantitative restrictions on agricultural trade should be tariffied.
- c. Institutional capacity to analyze various provisions of the URAs and to develop a necessary database for designing realistic tariff bounds for the future rounds of multilateral trade negotiations should be developed with the Ministry of Agriculture and the Ministry of Commerce.

- d. Because many LDCs and developing countries were not well prepared to submit their URAA commitments, these countries should be allowed to revise their commitments during the next round of multilateral trade negotiations.
- e. The URAA has exempted input subsidies targeted to low-income or resource-poor farmers. Because most small farmers in the LDCs are low-income or resource-poor farmers, the WTO should allow the exemption of subsidies on agricultural inputs from domestic support reduction commitments in such countries.
- f. Investment in irrigation infrastructure is essential for the adoption of new technologies and the promotion of agricultural growth in developing countries. Since irrigation infrastructure is a public good, investment for developing irrigation facilities should be excluded from the AMS calculations.

2. Policy and Technical Recommendations Related to Agriculture and Agribusiness Development

Agroprocessing in Bangladesh is in its infancy and requires support for development, so that the country can benefit from the opening of markets for processed goods, especially for fruits and vegetables, in the developed and developing countries. To support the development of agribusiness, the following measures should be taken.

- a. The Ministries of Agriculture and Commerce should develop market intelligence and market information systems to identify "niche" markets for primary and processed fruits and vegetables and other agricultural products exportable from Bangladesh. A special cell may be created in the Ministry of Agriculture and in the Export Promotion Bureau of the Ministry of Commerce for this purpose. The information about potential markets should be freely and regularly disseminated to interested entrepreneurs.
- b. The Government of Bangladesh (GOB) should make URAA-consistent investments in developing marketing infrastructural facilities for grading, packaging, storage, and transportation for reducing transaction costs of exports and develop additional cargo space for the export of fruits and vegetables.

- c. The GOB should reassess the need for subsidizing fertilizers and other inputs for two reasons. First, fertilizer subsidies were reintroduced in the mid-1990s when urea was selling at over \$200/ ton in the global market and fertilizer producers found it attractive to export fertilizers, thereby creating a tragic "fertilizer crisis" in the country. In 1999 urea was selling at less than \$80/ton and therefore there was much less incentive for fertilizer producers to divert fertilizers to the global market. Also, because prices were relatively lower, there was much less need to continue the subsidy to protect the interests of farmers. Second, Bangladesh has a potential to supply urea in the regional market. To realize that potential in a manner that is consistent with WTO rules, Bangladesh may not be able to subsidize natural gas price to the fertilizer industry.
- d.Concessional duties on imports of processed fruits and vegetables coming from Bhutan should be reexamined for two reasons. First, it distorts the tariff structure and incentives for domestic production. Second, it creates incentives for other countries to channel their exports through Bhutan. In such indirect trade, Bangladesh does not benefit from the reciprocity of bilateral trade agreements.
- e. The existing differential tariff rates, though consistent with the URAA, create anomalies for the agroprocessing sector. Under the existing tariff structure, GOB charges lower tariffs on intermediate products and higher tariffs on finished products. Since many of the finished products, such as paper, plastics, etc., are used as inputs, such tariff adds to the cost of production and makes domestically manufactured products less competitive. The Government should over time minimize the dispersion in tariffs and eventually move to a unitary tariff rate system.
- f. The availability of finance for working capital and investment seems to be a significant constraint to promoting agroprocessing investments. The access to institutional finance should be improved by creating special funds for long-term investments in agribusiness and by providing support to agribusiness dealers in project preparation and loan application.
- g. Many small and medium business enterprises need training and technical assistance to develop

- agroprocessing business. GOB, in cooperation with donors, should arrange for such training and technical assistance and facilitate the transfer of technologies from developed and developing countries to Bangladesh.
- h. Bangladesh's agricultural "export basket" is very small and consists of tea, tobacco, and vegetables. Few processed products appear in this basket, and there is no existing capacity to capitalize on the opportunities opened by the URAA. This capacity should be built by taking the measures suggested above. However, in one area, namely, fertilizer production, Bangladesh already has existing capacity and raw materials (natural gas), and there is a captive market in south Asia. Building additional capacity for urea exports may be cost effective. The GOB should conduct a feasibility study to expand urea capacity for export and use such exports to open neighboring markets for mutually beneficial trade.
- i. URAA may also open opportunities for cost-effective import substitution due to increases in global prices resulting from reduced export subsidies and domestic support to agriculture. The GOB should conduct detailed feasibility studies to identify such possibilities in the field of edible oils; dairy products; and processed cereals, fruits, and vegetables. It must be stressed that the GOB should not create artificial tariff barriers or provide subsidies for import substitution, but it must do everything to remove technological, institutional, infrastructural, and financial bottlenecks and policy distortions faced by agroprocessing enterprises involved in producing for the domestic market because imports of processed agricultural products have been growing and will continue to grow more rapidly than those of primary products.

In summary, Bangladesh can and should use the Green Box Measures and other provisions of the URAA to promote agriculture and agribusiness development. To benefit from the growing markets for processed products, Bangladesh should take a proactive approach to harness these opportunities.

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Annex A

The Uruguay Round Agreement
on Agriculture (Selected
Articles and Annexes)

Part IV

Article 6 Domestic Support Commitments

- 1. The domestic support reduction commitments of each Member contained in Part IV of its Schedule shall apply to all of its domestic support measures in favour of agricultural producers with the exception of domestic measures which are not subject to reduction in terms of the criteria set out in this Article and in Annex 2 to this Agreement. The commitments are expressed in terms of Total Aggregate Measurement of Support and "Annual and Final Bound Commitment Levels."
- 2. In accordance with the Mid-Term Review Agreement that government measures of assistance, whether direct or indirect, to encourage agricultural and rural development are an integral part of the development programmes of developing countries, investment subsidies which are generally available to agriculture in developing country Members and agricultural input subsidies generally available to low-income or resource-poor producers in developing country Members shall be exempt from domestic support reduction commitments that would otherwise be applicable to such measures, as shall domestic support to producers in developing country Members to encourage diversification from growing illicit narcotic crops. Domestic support meeting the criteria of this paragraph shall not be required to be included in a Member's calculation of its Current Total AMS.
- 3. A Member shall be considered to be in compliance with its domestic support reduction commitments in any year in which its domestic support in favour of agricultural producers expressed in terms of Current Total AMS does not exceed the corresponding annual or final bound commitment level specified in Part IV of the Member's Schedule.
- 4. (a) A Member shall not be required to include in the calculation of its Current Total AMS and shall not be required to reduce:
 - (i) product-specific domestic support which would otherwise be required to be included in a Member's calculation of its Current AMS where such support does not exceed 5 per cent of that Member's total value of production of a basic agricultural product during the relvant year; and
 - (ii) non-product-specific domestic support which would otherwise be required to be included in a Member's calculation of its Current AMS where such support does not exceed 5 per cent of the value of that Member's total agricultural production.
 - (b) For developing country Members, the *de minimis* percentage under this paragraph shall be 10 per cent.
- 5. (a) Direct payments under production-limiting programmes shall not be subject to the commitment to reduce domestic support if:
 - (i) such payments are based on fixed area and yields; or
 - (ii) such payments are made on 85 per cent or less of the base level of production; or
 - (iii) livestock payments are made on a fixed number of head.
 - (b) The exemption from the reduction commitment for direct payments meeting the above criteria shall be reflected by the exclusion of the value of those direct payments in a Member's calculation of its Current Total AMS.

Article 7

General Disciplines on Domestic Support

- 1. Each Member shall ensure that any domestic support measures in favour of agricultural producers which are not subject to reduction commitments because they qualify under the criteria set out in Annex 2 to this Agreement are maintained in conformity therewith.
- 2. (a) Any domestic support measure in favour of agricultural producers, including any modification to such measure, and any measure that is subsequently introduced that cannot be shown to satisfy the criteria in Annex 2 to this Agreement or to be exempt from reduction by reason of any other provision of this Agreement shall be included in the Member's calculation of its Current Total AMS.
 - (b) Where no Total AMS commitment exists in Part IV of a Member's Schedule, the Member shall not provide support to agricultural producers in excess of the relevant *de minimis* level set out in paragraph 4 of Article 6.

Annex 1 Product Coverage

- 1. This Agreement shall cover the following products:
- (i) HS Chapters 1 to 24 less fish and fish products, plus*

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(ii) HS Code	2905.43	(mannitol)
HS Code	2905.44	(sorbitol)
HS Heading	33.01	(essential oils)
HS Headings	35.01 to 35.05	(albuminoidal substances, modified starches, glues)
HS Code	3809.10	(finishing agents)
HS Code	3823.60	(sorbitol n.e.p.)
HS Headings	41.01 to 41.03	(hides and skins)
HS Heading	43.01	(raw furskins)
HS Headings	50.01 to 50.03	(raw silk and silk waste)
HS Headings	51.01 to 51.03	(wool and animal hair)
HS Headings	52.01 to 52.03	(raw cotton, waste and cotton carded or combed)
HS Heading	53.01	(raw flax)
HS Heading	53.02	(raw hemp)

^{2.} The foregoing shall not limit the product coverage of the Agreement on the Application of Sanitary and Phytosanitary Measures.

Annex 2

Domestic Support: The Basis for Exemption From the Reduction Commitments

- 1. Domestic support measures for which exemption from the reduction commitments is claimed shall meet the fundamental requirement that they have no, or at most minimal, trade-distorting effects or effects on production. Accordingly, all measures for which exemption is claimed shall conform to the following basic criteria:
 - (a) the support in question shall be provided through a publicly-funded government programme (including government revenue foregone) not involving transfers from consumers; and,
 - (b) the support in question shall not have the effect of providing price support to producers;

plus policy-specific criteria and conditions as set out below.

^{*}The product descriptions in round brackets are not necessarily exhaustive.

Government Service Programmes

2. General services

Policies in this category involve expenditures (or revenue foregone) in relation to programmes which provide services or benefits to agriculture or the rural community. They shall not involve direct payments to producers or processors. Such programmes, which include but are not restricted to the following list, shall meet the general criteria in paragraph 1 above and policy-specific conditions where set out below:

- (a) research, including general research, research in connection with environmental programmes, and research programmes relating to particular products;
- (b) pest and disease control, including general and product-specific pest and disease control measures, such as early-warning systems, quarantine and eradication;
- (c) training services, including both general and specialist training facilities;
- (d) extension and advisory services, including the provision of means to facilitate the transfer of information and the results of research to producers and consumers;
- (e) inspection services, including general inspection services and the inspection of particular products for health, safety, grading or standardization purposes;
- (f) marketing and promotion services, including market information, advice and promotion relating to particular products but excluding expenditure for unspecified purposes that could be used by sellers to reduce their selling price or confer a direct economic benefit to purchasers; and
- (g) infrastructural services, including: electricity reticulation, roads and other means of transport, market and port facilities, water supply facilities, dams and drainage schemes, and infrastructural works associated with environmental programmes. In all cases the expenditure shall be directed to the provision or construction of capital works only, and shall exclude the subsidized provision of onfarm facilities other than for the reticulation of generally available public utilities. It shall not include subsidies to inputs or operating costs, or preferential user charges.

3. Public stockholding for food security purposes⁵

Expenditures (or revenue foregone) in relation to the accumulation and holding of stocks of products which form an integral part of a food security programme identified in national legislation. This may include government aid to private storage of products as part of such a programme.

The volume and accumulation of such stocks shall correspond to predetermined targets related solely to food security. The process of stock accumulation and disposal shall be financially transparent. Food purchases by the government shall be made at current market prices and sales from food security stocks shall be made at no less than the current domestic market price for the product and quality in question.

4. Domestic food aid6

Expenditures (or revenue foregone) in relation to the provision of domestic food aid to sections of the population in need.

- 5. For the purposes of paragraph 3 of this Annex, governmental stockholding programmes for food security purposes in developing countries whose operation is transparent and conducted in accordance with officially published objective criteria or guidelines shall be considered to be in conformity with the provisions of this paragraph, including programmes under which stocks of foodstuffs for food security purposes are acquired and released at administered prices, provided that the difference between the acquisition price and the external reference price is accounted for in the AMS.
- 5 & 6. For the purposes of paragraphs 3 and 4 of this Annex, the provision of foodstuffs at subsidized prices with the objective of meeting food requirements of urban and rural poor in developing countries on a regular basis at reasonable prices shall be considered to be in conformity with the provisions of this paragraph.

Eligibility to receive the food aid shall be subject to clearly-defined criteria related to nutritional objectives. Such aid shall be in the form of direct provision of food to those concerned or the provision of means to allow eligible recipients to buy food either at market or at subsidized prices. Food purchases by the government shall be made at current market prices and the financing and administration of the aid shall be transparent.

5. Direct payments to producers

Support provided through direct payments (or revenue foregone, including payments in kind) to producers for which exemption from reduction commitments is claimed shall meet the basic criteria set out in paragraph 1 above, plus specific criteria applying to individual types of direct payment as set out in paragraphs 6 through 13 below. Where exemption from reduction is claimed for any existing or new type of direct payment other than those specified in paragraphs 6 through 13, it shall conform to criteria (b) through (e) in paragraph 6, in addition to the general criteria set out in paragraph 1.

Eligibility to receive the food aid shall be subject to clearly-defined criteria related to nutritional objectives. Such aid shall be in the form of direct provision of food to those concerned or the provision of means to allow eligible recipients to buy food either at market or at subsidized prices. Food purchases by the government shall be made at current market prices and the financing and administration of the aid shall be transparent.

6. Decoupled income support

- (a) Eligibility for such payments shall be determined by clearly-defined criteria such as income, status as a producer or landowner, factor use or production level in a defined and fixed base period.
- (b) The amount of such payments in any given year shall not be related to, or based on, the type or volume of production (including livestock units) undertaken by the producer in any year after the base period.
- (c) The amount of such payments in any given year shall not be related to, or based on, the prices, domestic or international, applying to any production undertaken in any year after the base period.
- (d) The amount of such payments in any given year shall not be related to, or based on, the factor of production employed in any year after the base period.
- (e) No production shall be required in order to receive such payments.

7. Government financial participation in income insurance and income safety-net programmes.

- (a) Eligibility for such payments shall be determined by an income loss, taking into account only income derived from agriculture, which exceeds 30 per cent of average gross income or the equivalent in net income terms (excluding any payments from the same or similar schemes) in the preceding three-year period or a three-year average based on the preceding five-year period, excluding the highest and the lowest entry. Any producer meeting this condition shall be eligible to receive the payments.
- (b) The amount of such payments shall compensate for less than 70 per cent of the producer's income loss in the year the producer becomes eligible to receive this assistance.
- (c) The amount of any such payments shall relate solely to income; it shall not relate to the type or volume of production (including livestock units) undertaken by the producer; or to the prices, domestic or international, applying to such production; or to the factors of production employed.

- (d) Where a producer receives in the same year payments under this paragraph and under paragraph 8 (relief from natural disasters), the total of such payments shall be less than 100 per cent of the producer's total loss.
- 8. Payment (made either directly or by way of government financial participation in crop insurance schemes) for relief fro natural disasters.
 - (a) Eligibility for such payments shall arise only following a formal recognition by government authorities that a natural or like disaster (including disease outbreaks, pest infestations, nuclear accidents, and war on the territory of the Member concerned) has occurred or is occurring; and shall be determined by a production loss which exceeds 30 per cent of the average of production in the preceding three-year period or a three-year average based on the preceding five-year period, excluding the highest and the lowest entry.
 - (b) Payments made following a disaster shall be applied only in respect of losses of income, livestock (including payments in connection with the veterinary treatment of animals), land or other production factors due to the natural disaster in question.
 - (c) Payments shall compensate for not more than the total cost of replacing such losses and shall not require or specify the type or quantity of future production.
 - (d) Payments made during a disaster shall not exceed the level required to prevent or alleviate further loss as defined in criterion (b) above.
 - (e) Where a producer receives in the same year payments under this paragraph and under paragraph 7 (income insurance and income safety-net programmes), the total of such payments shall be less than 100 per cent of the producer's total loss.
- 9. Structural adjustment assistance provided through producer retirement programmes.
 - (a) Eligibility for such payments shall be determined by reference to clearly defined criteria in programmes designed to facilitate the retirement of persons engaged in marketable agricultural production, or their movement to non-agricultural activities.
 - (b) Payments shall be conditional upon the total and permanent retirement of the recipients from marketable agricultural production.
- 10. Structural adjustment assistance provided through resource retirement programmes.
 - (a) Eligibility for such payments shall be determined by reference to clearly defined criteria in programmes designed to remove land or other resources, including livestock, from marketable agricultural production.
 - (b) Payments shall be conditional upon the retirement of land from marketable agricultural production for a minimum of three years, and in the case of livestock on its slaughter or definitive permanent disposal.
 - (c) Payments shall not require or specify any alternative use for such land or other resources which involves the production of marketable agricultural products.
 - (d) Payments shall not be related to either the type or quantity of production or to the prices, domestic or international, applying to production undertaken using the land or other resources remaining in production.

11. Structural adjustment assistance provided through investment aids.

- (a) Eligibility for such payments shall be determined by reference to clearly-defined criteria in government programmes designed to assist the financial or physical restructuring of a producer's operations in response to objectively demonstrated structural disadvantages. Eligibility for such programmes may also be based on a clearly-defined government programme for the reprivatization of agricultura land.
- (b) The amount of such payments in any given year shall not be related to, or based on, the type or volume of production (including livestock units) undertaken by the producer in any year after the base period other than as provided for under criterion (e) below.
- (c) The amount of such payments in any given year shall not be related to, or based on, the prices, domestic or international, applying to any production undertaken in any year after the base period.
- (d) The payments shall be given only for the period of time necessary for the realization of the investment in respect of which they are provided.
- (e) The payments shall not mandate or in any way designate the agricultural products to be produced by the recipients except to require them not to produce a particular product.
- (f) The payments shall be limited to the amount required to compensate for the structural disadvantage.

12. Payments under environmental programmes.

- (a) Eligibility for such payments shall be determined as part of a clearly-defined government environmental or conservation programme and be dependent on the fulfilment of specific conditions under the government programme, including conditions related to production methods or inputs.
- (b) The amount of payment shall be limited to the extra costs or loss of income involved in complying with the government programme.

13. Payments under regional assistance programmes.

- (a) Eligibility for such payments shall be limited to producers in disadvantaged regions. Each such region must be a clearly designated contiguous geographical area with a definable economic and administrative identity, considered as disadvantaged on the basis of neutral and objective criteria clearly spelt out in law or regulation and indicating that the region's difficulties arise out of more than temporary circumstances.
- (b) The amount of such payments in any given year shall not be related to, or based on, the type or volume of production (including livestock units) undertaken by the producer in any year after the base period other than to reduce that production.
- (c) The amount of such payments in any given year shall not be related to, or based on, the prices, domestic or international, applying to any production undertaken in any year after the base period.
- (d) Payments shall be available only to producers in eigible regions, but generally available to all producers within such regions.
- (e) Where related to production factors, payments shall be made at a degressive rate above a threshold level of the factor concerned.

(f) The payments shall be limited to the extra costs or loss of income involved in undertaking agricultural production in the prescribed area.

Annex 3

Domestic Support: Calculation of Aggregate Measurement of Support

- 1. Subject to the provisions of Article 6, an Aggregate Measurement of Support (AMS) shall be calculated on a product-specific basis for each basic agricultural product receiving market price support, non-exempt direct payments, or any other subsidy not exempted from the reduction commitment ("other non-exempt policies"). Support which is non-product specific shall be totalled into one non-product-specific AMS in total monetary terms.
- 2. Subsidies under paragraph 1 shall include both budgetary outlays and revenue foregone by governments or their agents.
- 3. Support at both the national and sub-national level shall be included.
- 4. Specific agricultural levies or fees paid by producers shall be deducted from the AMS.
- 5. The AMS calculated as outlined below for the base period shall constitute the base level for the implementation of the reduction commitment on domestic support.
- 6. For each basic agricultural product, a specific AMS shall be established, expressed in total monetary value terms.
- 7. The AMS shall be calculated as close as practicable to the point of first sale of the basic agricultural product concerned. Measures directed at agricultural processors shall be included to the extent that such measures benefit the producers of the basic agricultural products.
- 8. Market price support: market price support shall be calculated using the gap between a fixed external reference price and the applied administered price multiplied by the quantity of production eligible to receive the applied administered price. Budgetary payments mad eto maintain this gap, such as buying-in or storage costs, shall not be included in the AMS.
- 9. The fixed external reference price shall be based on the years 1986 to 1988 and shall generally be the average f.o.b. unit value for the basic agricultural product concerned in a net exporting country and the average c.i.f. unit value for the basic agricultural product concerned in a net importing country in the base period. The fixed reference price may be adjusted for quality differences as necessary.
- 10. Non-exempt direct payments: non-exempt direct payments which are dependent on a price gap shall be calculated either using the gap between the fixed reference price and the applied adminstered price multiplied by the quantity of production eligible to receive the administered price, or using budgetary outlays.
- 11. The fixed reference price shall be based on the years 1986 to 1988 and shall generally be the actual price used for determining payment rates.
- 12. Non-exempt direct payments which are based on factors other than price shall be measured using budgetary outlays.
- 13. Other non-exempt measures, including input subsidies and other measures such as marketing-cost reduction measures: the value of such measures shall be measured using government budgetary outlays or, where the use of budgetary outlays does not reflect the full extent of the subsidy concerned, the basis for calculating the

subsidy shall be the gap between the price of the subsidized good or service and a representative market price for a similar good or service multiplied by the quantity of the good or service.

Annex 4

Domestic Support: Calculation of Equivalent Measurement of Support

- 1. Subject to the provisions of Article 6, equivalent measurements of support shall be calculated in respect of all basic agricultural products where market price support as defined in Annex 3 exists but for which calculation of this component of the AMS is not practicable. For such products the base level for implementation of the domestic support reduction commitments shall consist of a market price support component expressed in terms of equivalent measurements of support under paragraph 2 below, as well as any non-exempt direct payments and other non-exempt support, which shall be evaluated as provided for under paragraph 3 below. Support at both national and sub-national level shall be included.
- 2. The equivalent measurements of support provided for in paragrah 1 shall be calculated on a product-specific basis for all basic agricultural products as close as practicable to the point of first sale receiving market price support and for which the calculation of the market price support component of the AMS is not practicable. For those basic agricultural products, equivalent measurements of market price support shall be made using the applied administered price and the quantity of production eligible to receive that price or, where this is not practicable, on budgetary outlays used to maintain the producer price.
- 3. Where basic agricultural products falling under paragraph 1 are the subject of non-exempt direct payments or any other product-specific subsidy not exempted from the reduction commitment, the basis for equivalent measurements of support concerning these measures shall be calculations as for the corresponding AMS components (specified in paragraphs 10 through 13 of Annex 3).
- 4. Equivalent measurements of support shall be calculated on the amount of subsidy as close as practicable to the point of first sale of the basic agricultural product concerned. Measures directed at agricultural processors shall be included to the extent that such measures benefit the producers of the basic agricultural products. Specific agricultural levies or fees paid by producers shall reduce the equivalent measurements of support by a corresponding amount.

Source: WTO (1995).

Annex B

Bangladesh: Uruguay Round Commitments
as Recorded in Schedule LXX
of the GATT Negotiations

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Bangladesh: Most-Favoured Nation Tariff – Agricultural Products Section I – A Tariffs

Tariff item number	Description of products	Base rate of duty	Bound rate of duty	Implementation period from/to	Special safeguard	Initial negotiating right	Other duties and charges
1	2	3	4	5	6	7	8
-	stoms duties are bound in 1995 Annex I of the Agreement excep	-	of 200% for all	products			Rate of 30% applicable to products in
01.01.11	Live horses		50%	1995			Annex I
01.04.10	Live sheep		50%	1995			of the Agreement
01.05.11	Live fowls		50%	1995			_
02.08.20	Frog legs	150% (U) ^a	50%	2004			
05.01.00	Human hair		50%	1995			
07.01.10	Seed potatoes	150% (U) ^a	50%	2004			
09.02.10	Green tea (non-fermented)	150% (U) ^a	50%	2004			
09.02.30	Black tea	150 (U) ^a	50%	2004			
10.06.10	Rice in the husk		50%	1995			
10.08.30	Canary seeds		50%	1995			
12.01.00	Soyabeans (seeds)		50%	1995			
12.07.20	Cotton seeds		50%	1995			
17.03.10	Molasses	100 (U) ^a	50%	2004			

a. Unbound.

Bangladesh: Most-Favoured Nation Tariff Section II – Other Products

Tariff item number	Description of products	Base rate of duty (U/B)	Bound rate of duty	Initial negotiating right	Other duties and charges
1	2	3	4	5	6
-	_		·	<u> </u>	<u> </u>
03.06.13 & 23	Shrimps and prawns		50%		30%
25.23.10	Cement clinkers		50%		30%
30.06.60.90	Chemical contraceptive preps		50%		30%
31.03.10	Superphosphates (fertilizers)		50%		30%
53.03.10	Raw jute		50%		30%
63.05.10.10	Sacks and bags of jute		50%		30%
72.01.10	Non-alloy pig iron		50%		30%
73.02.10	Rails		50%		30%
84.01.10	Nuclear reactors		50%		30%
84.02.00	Steam or vapor boilers and boiler parts		50%		30%
84.03.00	Central heating boilers and boiler parts		50%		30%
84.07.10	Aircrafts engines		50%		30%
84.10.11	Hydraulic turbines of power not				
	exceeding 1,000 KW		50%		30%
84.10.12	Hydraulic turbines of power exceeding				
	1,000 KW but not exceeding 10,000 KW		50%		30%
84.10.13	Hydraulic turbines of power exceeding				
	10,000 KW		50%		30%
84.11.91	Parts of turbo-jets		50%		30%

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Bangladesh: Most-Favoured Nation Tariff (Continued) Section II – Other Products

Tariff item	Description of	Base rate of	Bound rate	Initial	
number	products	duty (U/B)	duty	negotiating right	Other duties and charges
1	2	3	4	5	6
84.11.99	Parts of gas turbines		50%		30%
84.34.10	Milking machines		50%		30%
84.34.20	Dairy machinery		50%		30%
84.39.90	Machinery for making paper or paper				
	board		50%		30%
84.71.20	Digital ADI's in same housing as CPU and				
	input unit		50%		30%
84.71.91	Other digital processing units, whether or				
	not with system		50%		30%
84.71.92	Input or output units, whether or not with				
	system		50%		30%
84.73.30	Parts & accessories of machines of No. 84.7		50%		30%
85.25.20	Transmis/apparat/incorp./reception				
	apparatus		50%		30%
86.01.10	Rail locomotives-powered from an external				
	source of electricity		50%		30%
86.01.20	Rail locomotives powered by electric				
	accumulators		50%		30%
86.02.10	Diesel electric locomotives		50%		30%
86.03.10	Self-propelled railway or tramway				
	coaches, vans and trucks powered from				
	an external source of electricity		50%		30%
90.20.00.10	Gas masks and similar respirators		50%		30%
90.21.40	Hearing aids, excluding parts and				
	accessories		50%		30%

Note: No entries are recorded for tariff quotas, preferential tariffs, non-tariff concessions, domestic support (total AMS commitments), and export subsidies in schedule LXX.

Source: GATT (1994, Vol. 26, Schedule LXX).

Annex C Bangladesh's Bound and Operative Tariffs

Annex C

Table C.1 Bangladesh's Most Favored Nation UR-Bound Tariffs for Agricultural Products – Consolidated Schedule

HS Code	Description of Product	Base Rate of Duty (%)	Bound Rate of Duty (%)	Implementation Period
0101,11	Pure-bred breeding horses		50	1995
0104.10	Sheep		50	1995
0105.11	Fowls domestic, weighing not more than 185 g		50	1995
0208.20	Frogs' legs	150	50	2004
040210	Milk and cream of a fat content, by weight, not exceeding 1.5% - in powder		45	Before 1995
040221	Milk and cream not containing added sugar or other sweetening matter		[35]	Before 1995
0406,10	Fresh cheese (including whey cheese), not fermented, and curd		30	Before 1995
0406.20	Grated or powdered cheese, of all kinds		30	Before 1995
0406.30	Processed cheese, not grated or powdered		30	Before 1995
0406.40	Blue-veined cheese		30	Before 1995
0406.90	Other cheese		30	Before 1995
0501.00	Human hair		50	1995
0701.10	Seed potato	150	50	2004
0712.90.2	Dehydrated vegetables, all sorts other than tomatoes, onions, potatoes, cauliflowers		30	Before 1995
071310	Dried, unshelled peas, incl. dun peas		[35]	Before 1995
071320	Dried, unshelled chickpeas		[20]	Before 1995
0802.11	Almonds, in shell		32	Before 1995
0802.21	Hazelnuts or filberts, in shell		32	Before 1995
0806.10	Grapes, fresh		30	Before 1995
0808.10	Apples, fresh		30	Before 1995
0808.20	Pears and quinces, fresh		30	Before 1995
0809,40	Plums and sloes, fresh		30	Before 1995
0902,10	Green tea (not fermented) in immediate packings of a content not exceeding 3 kg	150	50	2004
0902.30	Black tea, fermented and partly fermented, in packings of a content not exceeding 3 kg	150	50	2004
0905.001	Vanilla beans		20	Before 1995
0906.00	Cinnamon and cinnamon tree flowers		50	Before 1995
1001	Wheat and meslin		15	Before 1995
100190	Cereals other than wheat and meslin		15	Before 1995
1006,10	Rice in the husk (paddy or rough)		50	1995
1008.30	Canary seed		50	1995
1201.00	Soya beans, whether or not broken		50	1995
1205	Rape or colza seeds, whether or not broken		7.5 [50]	Before 1995
1207.20	Cotton seeds		50	1995
1209.22	Clover (Trifolium) seed, of a kind used for sowing		15	Before 1995
1209.24	Kentucky blue grass seeds, of a kind used for sowing		15	Before 1995

HS Code	Description of Product	Base Rate of Duty (%)	Bound Rate of Duty (%)	Implementation Period
1209.25	Rye grass seeds, of a kind used for sowing		15	Before 1995
1209.26	Timothy grass seeds, of a kind used for sowing		15	Before 1995
1209.29	Other seeds, fruit & spores of a kind used for sowing		15	Before 1995
1301	Lac; natural gums, resins, gum-resins and balsams		30	Before 1995
1501.001	Canned or bottled lard		25	Before 1995
1502	Fats of bovine animals, sheep or goats, raw or rendered, whether or not pressed or solvent-extracted		30	Before 1995
1503	Lard stearin, lard oil, oleostearin, oleo-oil and tallow oil, not emulsified or mixed or otherwise prepared		45	Before 1995
1504.102	Cod-liver oil packed in containers not exceeding 14 lbs. in capacity		30	Before 1995
1505,90.1	Cochineal derived from wool grease		20	Before 1995
1506	Other animal fats and oils and their fractions, whether or not refined, but not chemically modified.		30	Before 1995
1601	Sausages and similar products, of meat, meat offal or blood; food preparations based on these products		45	Before 1995
1602	Other prepared or preserved meat, meat offal or blood.		30	Before 1995
1604	Prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs.		30	Before 1995
1702.101	Sugar: lactose and lactose syrup		45	Before 1995
1702.109	Sugar: lactose and lactose syrup		45	Before 1995
1703.10	Cane molasses	100	50	2004
1905	Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa; communion		50	Before 1995

a. For all agricultural products not included in this table, tariffs and "other duties and charges" are bound at rates of 200 percent and 2.5 percent respectively.

Table C.2. Bangladesh's UR-Bound Most Favored National Tariffs for Agricultural Products (Consolidated Schedule) and Current Actual Operative Tariffs and Other Taxes^a

		Bound Rate	Operative T			Taxes (%)
		of Duty	Customs			
HS Code	Description of Product	(%)	Duty	IDSC	VAT	Sup. Duty
0101.11	Pure-bred breeding horses	50	7.5	2.5	0	0
0104.10	Sheep	50	7.5	2.5	0	0
0105.11	Fowls domestic, wght >= 185 g	50	30	2.5	0	0
0105.11	Parent stock day old chicken	50	0	2.5	0	0
0208.20	Frogs' legs, excluding wrapped/canned	50	30	2.5	0	0
0208.20	Frogs' legs, wrapped/canned	50	30	2.5	15	0
0402.10	Milk and cream, concentrated, added sugar/sweetening matter	45	DR	DR	DR	0
0402.101	Milk and cream in powder, concentrated, added sugar/sweetening matter >=1.5% fat, in retail pckgs <= 2.5 kg	45	40	2.5	15	2.5
0402.101	Half cream milk powder in tin	45	0	0	0	0
0402.101	Milk powder cream in bags	45	0	0	0	0
0402.102	Milk and cream in powder form, concentrated, added sugar/sweetening matter >=1.5% fat, in bulk	45	40	2.5	15	2.5
0402.102	Milk and cream in granules or solid form, >=1.5% fat, bulk/retail	45	40	2.5	15	2.5
0402.102	Skimmed milk powder, in bags	45	0	0	0	0
0402.21	Milk and cream in powder form, no added sugar/sweetening matter, >=1.5% fat, in retail pckgs <= 2.5 kg	[35]	DR	DR	DR	DR
0402.211	Milk and cream in powder form, no added sugar/sweetening matter, >=1.5% fat, in retail pckgs <= 2.5 kg	[35]	40	2.5	15	2.5
0402.211	Full cream milk powder in tin	[35]	0	0	0	0
0402.212	Milk and cream in powder form, no added sugar/sweetening matter, >=1.5% fat, in bulk	[35]	40	2.5 0	15	2.5 0
0402.212	Milk powder (cream), in bags	[35]	0	0	0	0
0406.10	Fresh cheese (incl. whey cheese), not fermented	30	40	2.5	15	0
0406.20	Grated or powdered cheese, all kinds	30	40	2.5	15	0
0406.30	Processed cheese, not grated or powdered	30	40	2.5	15	0
0406.40	Blue-veined cheese	30	40	2.5	15	0
0406.90	Other cheese	30	40	2.5	15	0
0501.00	Human hair	50	30	2.5	0	0
0701.10	Seed potato	50	0	2.5	0	0

	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Bound	Operative T			r Taxes (%)
		Rate of Duty	Customs			
HS Code	Description of Product	(%)	Duty	IDSC	VAT	
0712.902	Dehydrated vegetables, all sorts other than tomatoes, onions, potatoes, cauliflowers	30	30	2.5	DR	0
0713.10	Dried, unshelled peas, incl. dun peas, excluding wrapped/canned	[35]	30	2.5	0	0
0713.10	Dried, unshelled peas, incl. dun peas, wrapped/canned	[35]	30	2.5	15	0
0713.20	Dried, unshelled chickpeas	[20]	0	0	0	0
0802.11	Almonds, in shell, excl. wrapped/canned	32	30	2.5	0	0
0802.11	Almonds, in shell, wrapped/canned	32	30	2.5	15	0
0802.21	Hazelnuts or filberts, in shell excl. wrapped/canned	32	30	2.5	0	0
0802.21	Hazelnuts or filberts, in shell, wrapped/canned	32	30	2.5	15	0
0806.10	Grapes, fresh, excluding wrapped/canned	30	40	2.5	0	0
0806.10	Grapes, fresh, wrapped/canned	30	40	2.5	15	0
0808.10	Apples, fresh, excluding wrapped/canned	30	40	2.5	0	0
0808.10	Apples, fresh, wrapped/canned	30	40	2.5	15	0
0809.40	Plums and sloes, fresh, excluding wrapped/canned	30	40	2.5	0	0
0809.40	Plums and sloes, fresh, wrapped/canned	30	40	2.5	15	0
0902.10	Green tea (not fermented) in immediate packings of a content not exceeding 3 kg	50	40	2.5	15	0
0902.30	Black tea, fermented and partly fermented, in packings of a content not exceeding 3 kg	50	40	2.5	15	0
0905.001	Vanilla beans, excluding wrapped/canned	20	40	2.5	0	0
0905.001	Vanilla beans, wrapped/canned	20	40	2.5	15	0
0906,00	Cinnamon and cinnamon tree flowers	50			DR	
0906.10	Cinnamon, not crushed nor ground, excl. wrapped/canned	50	40	2.5	0	30
0906.10	Cinnamon, not crushed nor ground, wrapped/canned	50	40	2.5	15	30
0906.20	Cinnamon, crushed or ground	50	40	2.5	15	30
1001	Wheat and meslin	15	7.5	2.5	DR	0
1001.10	Durum wheat, excluding wrapped/canned	15	7.5	2.5	0	0
1001.10	Durum wheat, wrapped/canned	15	7.5	2.5	15	0
1001.901	Wheat, other, excluding wrapped/canned	15	7.5	2.5	0	0

		Bound Operative Tariff (%) Pate 1998-99		Other Taxes (%) 1998-99		
		Rate of Duty	Customs			
HS Code	Description of Product	(%)	Duty	IDSC	VAT	Sup. Duty
1001.901	Wheat, other, wrapped/canned	15	7.5	2.5	15	0
1001.902	Meslin, excluding wrapped/canned	15	7.5	2.5	0	0
1001.902	Meslin, wrapped/canned	15	7.5	2.5	15	0
100190	Cereals other than wheat and meslin	15	7.5	2.5	15	0
1006.10	Rice in the husk (paddy or rough)	50	0	0	0	0
1008.30	Canary seed	50	15	2.5	15	0
1201.00	Soya beans, whether or not broken, excluding wrapped/canned	50	7.5	2.5	0	0
1201.00	Soya beans, whether or not broken, wrapped/canned	50	7.5	2.5	15	0
1205	Rape or colza seeds, whether or not broken, excluding wrapped/canned	7.5 [50]	7.5	2.5	0	0
1205	Rape or colza seeds, whether or not broken, wrapped/canned	7.5 [50].	7.5	2.5	15	0
1207.20	Cotton seeds, excluding wrapped/canned	50	7.5	2.5	0	0
1207.20	Cotton seeds, excluding wrapped/canned	50	7.5	2.5	15	0
1209.22	Clover (Trifolium) seed, of a kind used for sowing	15	0	2.5	0	0
1209.24	Kentucky blue grass seeds, of a kind used for sowing	15	0	2.5	0	0
1209.25	Rye grass seeds, of a kind used for sowing	15	0	2.5	0	0
1209,26	Timothy grass seeds, of a kind used for sowing	15	0	2.5	0	0
1209.29	Other seeds, fruit & spores of a kind used for sowing	15	0	2.5	0	0
1301	Lac; natural gums, resins, gum-resins and balsams	30	DR	2.5	DR	0
1301.10	Lac	30	30	2.5	0	0
1301.10	Lac dana	30	0	0	0	0
1301.20	Gum Arabic	30	30	2.5	0	0
1301.90	Balsam tulo; tragacanth powder, mirrh	30	15	2.5	0	0
1501.001	Canned or bottled lard	25	40	2.5	15	0
1502	Fats of bovine animals, sheep or goats, raw or rendered, whether or not pressed or solvent-extracted	30	30	2.5	15	0
1503	Lard stearin, lard oil, oleostearin, oleo- oil and tallow oil, not emulsified or mixed or otherwise prepared	45	30	2.5	15	0
1504.102	Cod-liver oil packed in containers not exceeding 14 lbs. in capacity	30	25	2.5	15	0
1505.901	Cochineal derived from wool grease	20	25	2.5	15	0

		Bound Rate	Operative Tariff (%) 1998-99		Other Taxes (%) 1998-99	
HS Code	Description of Product	of Duty (%)	Customs Duty	IDSC	VAT	Sup. Duty
1506	Other animal fats and oils and their fractions, whether or not refined, but not chemically modified	30		2.5	15	0
1506.001	Other animal fats and oils and their fractions, whether or not refined, but not chemically modified	30	30	2.5	15	0
1506.009	Other animal fats and oils and their fractions, whether or not refined, but not chemically modified	30	30	2.5	15	0
1601	Sausages and similar products, of meat, meat offal or blood; food preparations based on these products	45	40	2.5	15	0
1602	Other prepared or preserved meat, meat offal or blood	30	25	2.5	15	0
1604	Prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs	30	25	2.5	15	0
1702.101	Sugar: lactose and lactose syrup	45	40	2.5	15	0
1702.109	Sugar: lactose and lactose syrup	45	40	2.5	15	0
1703.10	Cane molasses	50	40	2.5	15	0
1905	Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa; communion	50	15	2.5	15	0

a. Bound tariffs on other agricultural products are 200 percent plus 2.5 percent, while current operative tariffs are 42.5 percent or lower.

Note: DR = Different Rates.

Sources: 1. UR-bound tariffs: National Board of Revenue and Ministry of Commerce, Bangladesh Government.

2. Actual tariffs and other taxes on imports: National Board of Revenue.

Annex D

1987-88 Export Performance Benefit (XPB) Entitlement
Rates for UR-Defined Agricultural Products

Annex D

1987-88 Export Performance Benefit (XPB) Entitlement Rates for UR-Defined Agricultural Products

Agricultural Products with 100 percent XPB Entitlement Rate

Packet tea Coffee

Tea waste	
Instant cof	fee made out of locally produced coffee beans
Tamarind	
Crabs	
Human hai	r and human hair waste
Honey	
Bees' wax	
Fruits and	vegetables, including potato
Betel leave	es
Sea pearl s	hells
Domestic l	pirds' feather
Cashew nu	ut .
Kapok	
Pink pearls	3
Tortoises a	and turtles, incl. meat and parts thereof and turtle oil
Animal ha	ir
Animal cas	sings
Powder an	d curry spices
Animal ho	oves and horns
Medicinal	herbs and crude drugs
Coir and co	oir products
Canned fru	uits and fruit juices
Cut flower	s
Green plan	its
Flower bro	oom sticks
Tobacco le	eaves, steams and strips
Bamboo st	icks
Rice bran	
Wheat brai	n
Any nontra	aditional agricultural export with a value addition of 70 percent and above

Agricultural Products with 70 percent XPB Entitlement Rate

Coffee beans Rape seeds and meal powder Glycerine

Any nontraditional export product with a value addition between 50 percent and 69 percent.

Agricultural Products at 40 percent XPB Entitlement Rate

Any nontraditional export product other than in the above two lists.

Note: Nontraditional agricultural products during this base period (1986-88) included any product other than loose tea. Jute which was also treated as another traditional product during this period is not an agricultural product according to the URAA.

Annex E

Bangladesh's Imports and Exports of Agricultural Products

Table E.1 Imports of Agricultural Products by Major Country Source

I. PRIMARY PRODUCTS

Product Group by Country			Years	· · · · · · · · · · · · · · · · · · ·	'alue in '000' Taka)
	1992-93	1993-94	1994-95	1995-96	1996-97
Live animals (H.S.Code - 01): Total	7,754	8,042	85,892	127,431	128,075
India	7,565	8,041	27,440	102,939	82,209
Netherlands	49	O	26,011	2,333	7,773
France	0	o	8,271	12,096	20,786
Other countries	140	1	24,170	10,063	17,307
Meat, fresh/chilled/frozen, processed (H.S. Code - 0201-0209) : Total	94,263	33,000	55,847	95,711	89,048
Singapore	Ò	Ų o	1,355	2,313	1,777
United States	o	, ol	220	217	956
Saudi Arabia	94,263	33,000	52,561	90,464	84,000
Other countries	0	0	1,711	2,717	2,315
Dairy products- milk and cream, fresh					
(H.S.Code - 0401): Total	0	0	6,061	291	891
Singapore	0	0	47	185	406
India	0	0	740	0	
France	0	0	0	0	135
Other countries	0	0	5,274	106	350
Eggs in shell, fresh/preserved/cooked (H.S.Code - 0407): Total	177,584	3,765	3,490	5,733	64,540
India	177,584	3,765	3,368	5,733	63,464
Thailand	0	0	<u> </u>	0	462
Other countries	0	0	122	0	614
Plants, Flowers, bulbs, tubers (H.S. Code - 06): Total	132	o	517	240	615
Pakistan	132	0	0	0	C
Netherlands	0	0	0	118	95
United States	0	0	334	0	
Netherlands	0	0	0	0	423
Other countries	0	0	183	122	97
Vegetables, fresh/chilled/dried/ whole/cut, not further processed (H.S. Code - 0701- 0709; 0713): Total	1,047,407	1,672,598	608,985	954,634	2,973,387
India	398,288	400,472	123,479	287,116	362,874
Netherlands	19,269	16,077	1,330	9,563	11,897
China	0	24,843	48,550	0	914
Australia	426,080	1,003,196	183,691	270,391	1,574,289
Burma	76,378	162,579	1,147	23,166	23,501
Other countries	127,392	65,431	250,788	364,398	999,912
Fruits and nuts, fresh/chilled/ dried (H.S Code 0801-0810): Total	741,760	669,015	893,438	868,486	1,408,550
India	291,359	243,050	361,571	420,617	665,145
Iran	90,629	86,002	75,721	0	321,642
Malaysia	121,328	50,691	17,350	6,627	6,913
Bhutan	0	29,493	259,582	147,856	201,571
United Arab Emirates	31,664	24,738	0	14,342	0
Thailand	97,684	111,863	56,981	73,070	66,895
Indonesia	70,219	77,666	6,602	<u> </u>	10,518
Other countries	38,877	45,512	115,631	205,974	135,860

Table E.1 Imports of Agricultural Products by Major Country Source (continued)

I. PRIMARY PRODUCTS (Continued)

(Value in '000' Taka)

			Years	(/alue in '000' Taka)
	1992-93	1993-94	1994-95	1995-96	1996-97
Coffee, tea, mate, and spices (H.S.	1,016,781	890,364	911,294	911,296	513,103
Code - 0901-0910) : Total	1,010,701			911,290	313,103
India	140,033	249,927	144,841	489,853	117,755
China	119,275	130,453	107,759	0	97,395
Guatemala	190,951	116,544	0	44,708	87,462
Iran	357,223	75,729	23,896	0	101,925
Singapore	67,670	41,652	44,101	9,990	4,366
Other countries	141,629	276,059	590,697	366,745	104,200
Cereals, Cereal products unmilled (H.S Code - 10): Total	6,184,317	4,989,826	17,874,065	17,887,860	10,641,243
United States	3,590,390	3,015,134	5,716,036	3,061,825	C
India	346	3,648	4,567,351	10,483,442	1,840,630
Australia	225,696	660,128	1,693,865	1,225,547	1,986,412
Pakistan	16,562	416,642	2,547,165	408,796	149,376
France	226,508	408,830	400,846	399,294	218,121
United Kingdom	0	0	235,070	277,966	1,758,600
Canada	1,110,611	336,133	214,178	1,081,534	835,819
Other countries	1,014,204	149,311	2,499,554	949,456	3,852,285
Oil seeds and oliginous fruits (H.S.Code - 1201-1208): Total	2,265,232	2,468,029	3,435,760	3,033,647	3,087,541
Malaysia	447,792	256 646	026 454	15,281	101.046
Singapore		256,646 199,361	236,454		101,046
France	358,093	142,211	79,586	48,700	12,885
Canada	547,689		576,968	180,607	245,722
Australia	151,874 82,958	1,091,171 156,040	1,048,422	694,972	114,999
Other countries	676,826	622,600	90,007	1,184,878	1,044,845
Raw sugar and honey (H.S.Code -	0/0,020	022,600	1,404,323	909,209	1,568,044
0409; 1701110, 1701120): Total	396	948,810	1,890,566	421,576	2,430,870
India	0	232,995	418	411,124	232,331
Brazil	0	488,424	0	0	1,282,335
Thailand	0	109,385	685,271	0	436,830
Australia	208	0	33	11	680
Pakistan	0	0	196,652	0	0
Other countries	188	118,006	1,008,192	10,441	478,694
Tobacco, unmanufactured (H.S.Code - 2401): Total	325,865	384,975	215,241	538,572	848,748
Canada	101,840	105,697	15,737	119,019	134,165
United States	103,919	115,723	45,330	76,691	107,821
Brazil	55,167	21,504	0	38,809	150,926
India	11,388	43,966	61,874	217,959	248,586
Other countries	53,551	98,085	92,300	86,094	207,250
Raw cotton (H.S.Code - 5201): Total	3,736,630	2,983,955	4,151,334	6,287,687	8,267,739
United States	546,357	609,103	1,394,122	1,832,709	2,141,654
Pakistan	2,090,445	433,692	33,893	941,539	138,404
India	233,694	297,640	4,110	241,974	1,126,704
USSR	268,540	678,123	502,444	915,383	1,769,339
Australia	5,924	8,939	0	193,128	231,348
Other countries	591,670	956,458	2,216,765	2,162,954	2,860,290

Table E.1 Imports of Agricultural Products by Major Country Source (continued)

II. PROCESSED PRODUCTS:

Product Group by Country			Years		
	1992-93	1993-94	1994-95	1995-96	1996-97
Meat, processed (H.S.Code-	34	14	80	469	1,67!
0210;1601;1602): Total					1,073
Singapore	34	0	25	233	(
Denmark	0	0	35	37	827
United States	0	0	o	95	48
Other countries	0	14	20	104	367
Dairy products, other than fresh milk &					
cream(H.S.Code - 04 excl.(0401;0407-	2,903,127	1,860,952	1,808,145	2,191,271	3,074,071
0409): Total					, ,
Netherlands	251,373	164,201	195,531	136,347	215,383
Denmark	430,796	282,884	387,181	325,036	400,977
Australia	566,260	882,817	346,100	372,692	917,843
New Zealand	107,770	54,088	119,984	249,953	236,725
India	21,398	108,552	104,864	239,562	88,083
Ireland	144,098	48,549	0	6,426	18,187
Poland	138,056	83,255	o	328,378	467,799
Other countries	1,243,376	236,606	654,485	532,877	729,074
Eggs not in shell and egg yolks (H. S.					
Code - 0408): Total	158	이	84	248	98
Germany	0	o	o	194	
Taiwan	ő	Ö	ől	16	93
Netherlands	Ö	0	65	10	90
United States	158	Ö	00	0	
Other countries	0	0	19	38	
Vegetables, preserved or prepared (2,670	3,026	4,032	12,404	22,827
H.S.Code - 0710-0712;2001-2006): Total	2,070	0,020	7,002	12,707	ZZ,UZ
United States	0	o	1,766	3,871	4,623
Netherlands	74	0	0	0	2,741
Canada	0	1,167	5	554	764
Thailand	36	0	Ö	0	10,774
Gibralter	1,385	0	0	0	(0), /
Other countries	1,175	1,859	2,261	7,979	3,925
Fruits and nuts, preserved or prepared		.,,,,,	=,=-,		0,02.
(H.S.Code - 0801-0814; 2007-2009):	754,450	695,510	938,166	936,548	1,536,79
Total	704,400	050,010	300,100	300,540	1,555,75
India	139,507	70,458	328,023	353,125	614,483
Malaysia [121,328	50,691			
Iran	91,854	86,002	17,531 76,223	6,627 0	7,206 322,432
Pakistan	14,894	49,262	27,926	33,051	
Thailand	97,724	112,245			95,866
Bhutan			57,687	73,070	67,380
Other countries	200 142	31,818	262,590	151,815	211,921
Cereal products (H.S.Code - 1101-1104;	289,143	295,034	168,186	318,860	217,507
	31,791	34,764	27,124	108,982	136,647
1904-1905): Total		·		·	
India	880	1,115	3,881	16,276	68,680
Netherlands	2,795	26,729	1,815	3,178	
Norway	13,033	0	0	0	17,411
United States	0	0	3,766	0	23,312
Other countries	15,083	6,920	17,662	89,528	27,24

Table E.1 Imports of Agricultural Products by Major Country Source (continued)

II. PROCESSED PRODUCTS (continued)

II. PROCESSED PRODUCTS (continued)			Years		(Value in '000' Taka)
	1992-93	1993-94	1994-95	1995-96	1996-97
Animal or vegetable fats or oils excl.	1002-00	1330-34	1994-93	1993-90	1990-91
fish olls (H.S Code -15 excl. 1504): Total	5,363,876	4,928,768	8,632,691	14,777,342	20,700,472
Malaysia	1,276,607	1,942,624	1,942,624	447,876	2,484,390
Argentina	1,121,712	350,680	0	3,366,349	5,808,718
Brazil	1,504,162	1,165,382	0	3,989,964	7,071,002
New Zealand	129,129	2,798	401,956	244,289	311,845
Other countries	1,332,266	1,467,284	6,288,111	6,728,864	5,024,517
Sugar and sugar preparations (H.S					
Code- 1701 excluding (1701110,	405,608	144,674	218,042	143,637	220,999
1701120);1702-1704): Total					
Germany	0	0	0	0	
Malaysia	247,919	0	0	1,894	957
Thailand	55,089	9,684	46,957	1,657	3,477
Singapore	5,575	4,291	49,232	1,451	5,129
Korea Republic	8,095	19,335	0	46,234	11,822
New Zealand Other countries	21,378	9,214	9,426	17,544	24,448
	67,552	102,150	112,427	74,857	175,166
Coffee, tea, and mate preparations (H.S.Code- 2101): Total	970	1,765	2,638	10,852	4,508
India	785	1,481	0	9,805	2,344
United States	0	0	16	317	138
France	0	0	408	0	
Singapore	0	0	0	0	864
Thailand	185	284	654	592	290
Pakistan	0	<u> </u>	0	0	723
Other countries	0	0	1,560	138	152
Food products, n.e.s. (H.S. Code - 21 excl. 2101): Total	155,408	253,337	227,217	219,860	410,720
France	11,853	31,606	11,815	17,624	19,179
Netherlands	37,246	42,479	30,011	35,829	32,178
Ireland	46,054	118,984	<u> </u>	79,872	238,656
Belgium	3,308	6,672	7,727	22,357	35,420
Singapore	30,797	31,572	18,464	11,482	21,291
United States	1,697	845	14,470	11,957	27,670
Other countries	24,453	21,179	144,730	40,739	36,326
Animal feed, not including Unmilled cereals (H.S Code - 23 excluding 2307;					
0714): Total	30,187	149,822	179,282	252,941	577,898
India	16,068	64,588	72,429	65,026	287,554
Belgium	1,410	1,876	2,290	19,843	40,749
Germany	3,247	27,791	23,765	27,850	24,211
Netherlands	0	1,385	12,699	39,925	89,012
Other countries	9,462	54,182	68,099	100,297	136,372
Tobacco, manufactured (H.S Code - 24 excluding 2401): Total	73,924	95,088	63,842	33,712	96,288
Singapore	42,002	20,319	10,761	11,778	41,867
United Kingdom	27,336	70,324	38,378	11,045	28,542
Other countries	4,586	4,445	14,703	10,889	25,879
Cotton, carded or combed (H. S. Code - 5203): Total	0	1,761	9,582	7,847	20,076
India	0		045	F 470	
Hong Kong	0	 0	245	5,176	
Singapore	0	0	3,329	1,015 1,176	(
China	0	1,761	0	1,176	
Korea South	0	1,761	3,017	0	(

Table E.2 Exports of Agricultural Products by Major Country Destination

I. PRIMARY PRODUCTS:

(Value in '000 Taka)

I. PRIMARY PRODUCTS:			Years	(value in	'000 Taka)
Product Group by Country	1992-93	1993-94	1994-95	1995-96	1996-97
Live animals (H.S. Code 01): Total	25,619	43,632	0	9,437	4,598
China	11454	38630	0	o	4598
Hong Kong	26	1208	0	9437	0
Singapore	8597	455	0	0	0
Other Countries	5,542	3,339	0	0	0
Meat, fresh/chilled/frozen (H.S.code-					
0201-0209): Total	2,578	12	0	0	2,932
Philippines	0	12	0	0	C
China	2578	0	0	0	0
Portugal	0	0	0	0	2932
Other Countries	0	0	0	0	0
Plants, flowers, bulbs, tubers (H.S.	o	2,472	945	0.450	0
Code - 06): Total			945	2,459	U
Pakistan	0	2472	0	0	0
Poland	0	0	945	2459	0
Other Countries	0	0	0	0	0
Vegetables, fresh or chilled/dried/					
whole/cut, not further processed (H.S.	312,227	276,243	1,775	226	45347
Code - 0701-0709, 0713): Total			ŀ		
United Kingdom	62072	76709	0	0	207
Bahrain	19418	22970	0	0	1325
Saudi Arabia	55550	38041	0	0	15814
United Arab Emirates	79144	64514	0	0	1435
Germany	2351	2287	1051	0	0
Other Countries	93,692	71,722	724	226	26,566
Fruits and nuts, fresh, chilled or dried (H.S. Code 0801-0810): Total	48,723	37,641	4,106	947	128
United Kingdom	31616	27393	0	0	0
Singapore	0	27393	3,840	o	128
United Arab Emirates	1,203	224	0,040	947	0
Other Countries	15,904	10,024	266	0	0
Coffee, tea, mate, and spices (H.S.					
Code - 0901-0910): Total	1,626,887	1,675,245	1,326,210	1,255,667	1,386,501
Pakistan	649174	513719	258610	111521	251344
United Kingdom	176628	19018	37625	1262	17039
United Arab Emirates	12529	9168	15567	14207	10669
USSR	155953	282238	237291	25184	46402
Poland	443919	508285	241742	597992	388577
Germany	32892	40991	18380	8215	4948
Other Countries	155,792	301,826	516,995	497,286	667,522

Table E.2 Exports of Agricultural Products by Major Country Destination (Continued)

I. PRIMARY PRODUCTS: (continued)

(Value in '000 Taka)

			Years	(10	ii ooo Taka)
	1992-93	1993-94	1994-95	1995-96	1996-97
Cereal, cereal products, unmilled (H.S.Code-10): Total	568	4,667	1,498	0	1,082
United States	568		0	0	0
Malaysia	0	3218	0	0	0
Italy	0	0	0	0	589
United Arab Emirates	0	0	360	0	0
Kenya	0	0	606	0	0
Other Countries	0	1,449	532	0	493
Oliseeds and oligenous fruits (H.S. Code- 1201-1208): Total	13,830	623	0	0	416
Spain	10761	0	0	0	0
Sri Lanka	0	0	0	0	416
Taiwan [3069	623	0	0	0
Other Countries	. 0	0	0	0	0
Tobacco, unmanufactured (H.S. Code - 2401): Total	61,128	36,708	29,728	49,263	130,263
United Kingdom	0	0	0	0	20337
United Kingdom	31970	0	0	0	0
United Kingdom	0	28908	0	58	0
United States	19475	6666	0	0	3376
United States	0	0	0	0	1856
Raw Cotton (H.S. Code - 52.03): Total	1,810	8,850	6,069	20,489	0
Japan	1,810	2931	3547	1363	0
Japan [0	3283	997	0	0
Japan [0	2636	999	0	0
Spain [0	0	0	19126	0
Other Countries	0	0	526	0	0

Table E.2 Exports of Agricultural Products by Major Country Destination (Continued)

II. PROCESSED PRODUCTS:

(Value in '000' Taka)

				(Value ir	ו '000' Taka)
			Years		
Product Group by Country	1992-93	1993-94	1994-95	1995-96	1996-97
Meat, processed (H.S. Code 0210,	o	o	1,916	o	O
1601,1602): Total					
Paraguay	0	0	1916	0	
Other countries	0	0	0	0	
Dairy products, other than fresh milk &					
cream (H.S.Code - 04 excl. 0401,0407-	5,371	5,750	3,745	0	C
0409): Total					
Thailand	5371	0	0	0	C
Singapore	0	0	3745	0	
Netherlands	0	5750	0	0	C
Other countries	0	0	0	0	C
Eggs not in shell & egg yolks	o	o	539	o	C
(H.S.Code -0408): Total					
Hong Kong	0	0	539	0	C
Other countries	0	0	0	0	C
Vegetables, preserved or prepared					
(H.S.Code - 0710-0712; 2001-2006):	1	0	0	0	11,126
Total					
United States	0	0	0	0	2080
United Kingdom	1	0	0	0	59
Saudi Arabia	0	0	0	0	3903
Singapore	0	0	0	0	2075
Hong Kong	0	0	0	0	2075
Other countries	0	0	0	0	934
Fruits and nuts, preserved or prepared					
(H.S.Code - 0801-0814: 2007-2009):	49,145	37,641	4,106	1,143	941
Total		,			
United Arab Emirates	1203	224	0	947	C
United Kingdom	31661	27393	0	0	C
Saudi Arabia	12090	7069	0	0	C
Qatar	1953	1174	0	0	C
France	0	0	0	0	742
Other countries	2,238	1,781	4,106	196	199
Cereal products (H.S.Code - 1101 -	4 165	7.647	4270	4.000	5.000
1104; 1904-1905): Total	4,165	7,647	42/0	4,096	5,986
Kuwait	150	160	279	241	1550
United Arab Emirates	1963	2726	716	1063	2143
Saudi Arabia	1005	1247	0	801	235
Qatar	395	1297	o	1225	(
United States	0	0	1469	495	685
Other countries	652	2,217	1,806	271	1,373

Table E.2 Exports of Agricultural Products by Major Country Destination (Continued)

II. PROCESSED PRODUCTS: (continued)

(Value in '000' Taka)

			Vacua	(value ii	n '000' Taka)
	1992-93	1993-94	Years 1994-95	1995-96	1996-97
Animal or vegetable fats or oils excl.	1002-00	1000-04	1334-33	1333-30	1990-91
fish oils (H.S.Code - 15 exci. 1504):	23,531	20,848	30,070	13,734	10,579
Total	20,001	20,040	00,070	10,704	10,575
India	23032	10526	5734	1633	9413
United States	0	1156	18696	12101	0.1.0
United Kingdom	0	5306	0	0	0
Other countries	499	3,860	5,640	0	1,166
Sugar and sugar preparations (H.S.					
Code 1701 excl. (1701.110 & 1701.120) ;	ol	72	ol	o	0
1702-1704): Total					
United Kingdom	0	72	0	0	0
Other countries	0	0	0	0	0
Food products, n.e.s.(H.S.Code-21	1,372	2 152	1.061	0.725	0.003
excl. 2101): Total	1,372	2,153	1,061	2,735	2,893
Saudi Arabia	0	1144	764	735	1715
United States	31	0	0	1008	0
United Arab Emirates	0	0	279	933	0
Other countries	1,341	1,009	18	59	1,178
Animal feed,not Incl. Unmilled cereals (H.S.Code -23 excl 2307; 0714): Total	1,449	208	o	0	2,351
Taiwan	1449	208	0	0	0
Sri Lanka [0	0	0	0	2351
Other countries	0	0	0	0	0
Tobacco, manufactured (H.S.Code - 24 excl. 2401): Total	3,566	1,768	7,592	34,177	49,254
Singapore	0	210	7273	247	25816
USSR	0	1282	0	13679	0
Malaysia	o	o	0	10093	38
Hong Kong	. 0	O	0	0	15709
United States	1501	o	0	o	2573
Other countries	2,065	276	319	10,158	5,118

Annex F

Operative Tariffs and Quantitative Restrictions on Selected Agricultural Products and Inputs

Annex F. Operative Tariffs and QRs on Selected Agricultural Products and Inputs

		UR- Polling	1986/87	/87	1987/88	88	1994/95)5	1995/96	-	1996/97		1997/98	19	1998/99
	HS Code	Tariff	OPT	QR	OPT	QR	OPT	QR	OPT (QR O	OPT QR	R OPT	. QR	OPT	QR
			(%)		(%)		(%)		(%)	6)	(%)	(%)		(%)	
Agricultural Products:															
1. Processed Cereals															
Cereal flours	1101-1102	200	30	В		В	15	F	15	F 1	5 F	15	표	15	ഥ
Cereal groats, meal, and pellets	1103	200	30	F		F	7.5	F	7.5	F	7.5 F	7	.5 F	7.5	ĿΙ
Ceal grains otherwise worked	1104	200	30	$\mathbf{B}^{\mathtt{a}},\mathbf{R}^{\mathtt{b}}$	B	Ba, Rb	7.5	F	7.5	F	7.5 F	7	.5 F	7.5	H
Cereals or cereal products, e.g., corn flakes	1904	200	100	щ		H	45	ഥ	45	F 45	5 F	42.5	ъ Н	40	ഥ
Crisp bread, ginger bread, etc.	1904.10- 1905.20	20	100	N.		<u>،</u> لا	45	江	45	F 45	F.	42.5	H C	40	F
Other bread, biscuits, pastry, etc.	1905.30-40, 1905.90	20	100	R		N N	99	Ľ	45	F 45	S F	42.5	ഥ	40	দ
2. Edible Oils															
Soybean oil, crude	15071010-90	200	0	F		F	30	F	30	F 30) F	22.5	5 F	25	H
Soybean oil, solidified or refined	1507.90	200	100	F		F,	45	F	45	F 45	5 F	42.5	5 F	40	F
Palm oil, crude	1511.10	200	09	R		R ,	45	F	30 I	R 30) R	22.5	5 R	25	R
Palm oil, solid	1511.9010	200	100	R		R	45	F	45 I	R 45	5 R	42.5	5 R	40	R
Palm oil, refined	1511.9090	200	100	R		R	09	F	45 I	R 45	5 R	42.5	5 R	40	R
Groundnut oil, solidified or refined	15089010	200	09	В		B ,	45	F	45	F 45	5 F	42.5	5 F	40	F
Groundnut oil, crude	15.081000	200	09	В		В		1	30	F 30) F	30	F	30	F
Coconut oil, crude	1513.1100	200	8	~		R,	45	R	30 R	30	R	30	R	30	R
Coconut oil, solidified	1513.1910	200	100	R		R ,	45	R	45 R	t 45	5 R	42.5	R	40	R
Coconut oil, other	1513.1990	200	9	R		R ,	45	R	45 R	ง 45	5 R	42.5	S R	40	R
Animal fat/oil/fraction hydrogenated	1516.1000	200	100	ഥ		F 4	45	F	45	F 45	5 F	42.5	5 F	30	F
Vegetable fat/oil hydrogenated	1516.2010	200	20	F		F '	45	F	45	F 45	5 F	42.5	(F	30	F
Vegetable fat/oil, other	1516.2090	200	100	F		F '	45	F	45	F 45	5 F	42.5	F	30	F
3. Dairy Products															
Milk and cream	0401	45	09	В		B 4	45	F		F 45	F F	42.5	F	40	币
	0402	45		آ ک ر			45	ഥ	45 F	45				9	ĸ
	04021010		5	<u></u>											
	04021020		2 2												
Butter, butter oil/ghee	0405	200	99	щ		F F	45	ഥ	45	F 45	F	42.5	F	40	Щ

Annex F. Operative Tariffs and QRs on Selected Agricultural Products and Inputs (Continued)

		UR-	1986/87	/87	1987/88	- 8	1994/95		1995/96	199	1996/97	1997/98	86	1998/99	66/8
	HS Code	Bound Tariff	IdO	QR	OPT	QR	OPT QR	\ OPT	T QR	OPT	QR	TAO	QR.	OPT	QR.
			(%)		(%)		(%)	(%)	_	(%)		(%)		(%)	
3. Dairy Products (Continued)															
Dairy spreads	0405.20.00		09	F		F	- F	_	. F	30	F	30	H	30	F
Cheese and curd	0406	30	09	F		F 45	5 F	45	F	45	ᅜ	42.5	FI,	9	ഥ
4. Poultry Products						!									
Eggs in shell	0407	200	09	В	,	В 45	F	45	R R	45	Be R ^f	42.5	ž ž	94	B° R ^f
Eggs not in shell and egg yolks	0408	200	09	F		F 45	5 F	45	ப	45	ഥ	42.5	ഥ	8	H
Hatching eggs	0407	200	09	В	_	B 45	F H	45	ية مريد	45	ኤ ኤ	42.5	ž Š	9	R, Be
5. Fruits and Vegetables															
Dates	0804.10	200	100	F		F 30) F	30	F	30	F	30	표	30	ഥ
Mangoes	08045031-32	200	100	В		B 60) F	20	ഥ	45	佦	42.5	<u>н</u>	9	দ
Oranges		200	100	F		F 45	5 F	45	F	45	F	42.5	표	9	ഥ
Oranges from Bhutan	0805.1010	200	100	F		F 2	22.5 F		22.5 F	22.5	F	21.5	F	20	F
Pineapples		200	100	F		F 45	5 F	30	F	30	F	30	F	30	F
Grapes		200	100	표		F 45	5 F	45	귚	45	F	42.5	F [40	F
Apples	8080	200	100	F		F 45	5 F	45	F	45	F	42.5	F	40	F
Orange juice		200	100	ഥ		F 45	5 F	45	F	45	F	42.5	7 H	40	币
Orange juice from Bhutan	9	200	100	F		F 2	22.5 F		22.5 F	22.5	F	21.5		70	F
Pineapple juice		200	100	F		F 60) F	45	고	45	F	42.5	1 I	40	H
Tomato juice		200	100	ഥ		F 60) F	45	F	45	F	42.5	F [40	F
Grape juice		200	100	н		F 60) F	45	F	45	F	42.5	F /	40	F
Grape juice from Bhutan		200	100	ഥ		F 2	22.5 F	22	22.5 F	22.5	F	21.25	F	70	F
Apple juice		200	100	ц		F 45	5 F	45	F	45	н	42.5	F 1	40	F
Apple juice from Bhutan		200	100	ᅜ	_	F 2	22.5 F	22	22.5 F	22.5	F	21.25	F	20	F
Tomato paste	02	200	100	R		R 45	5 F	45	F	45	F	42.5	F 4	40	币
Fruit jellies, jams		200	100	2		R 45	5 F	45	F	45	F	42.5	F 7	40	고
Seed potatoes	0701.10	50	0	R	R		7.5 F	7	7.5 R	2.5	R	0	R	0	R
Seed potatoes from Bhutan			0	R	R		3.75 F	7	7.5 R	2.5	R	0	R	0	R
Potatoes, other	0701.90	200	100	R	R	(P)) F	45	R	45	R	42.5	R	40	R
Tomatoes		200	8	~		R 60	F	45	ഥ	45	Ŗ	42.5	F 4	40	
Onions, garlic		200	0	R				30	ഥ	30	F	30	F	30	F
Peas and beans	0708.10-20	200	188	压		F 45	F	30	ഥ	30	ഥ	30	F	30	Н

Annex F. Operative Tariffs and QRs on Selected Agricultural Products and Inputs (Continued)

		UR-	1986/87	/87	1987/88	88	1994/95	55	1995/96	<u>~</u>	1996/97	7	1997/98		1998/99	8
	HS Code	Bound Tariff	OPT	QR	OPT	QR	OPT	QR	OPT	QR C	OPT C	QR (OPT	QR OPT		QR
			(%)		(%)		(%)		(%))	(%)		(%))	(%)	
Agricultural Inputs:											_					
6. Fertilizer													·			
Urea	3102.100	0	0	R		R	0	F	0	씸	0	۳ ا	0	۳ ا	0	R R
Sodium Nitrate	3102.501	0	0	R		R	0	F	0	R	0	R	0	R (0	R
Superphosphates	3103.10	20	0	R		R	0	F	0	R	0	R	0	B (0	В
Others	3101-3105	0	0	R		R	0	F	0	R	0 1	R	0	R	0	R
7. Agrimachinery																
Power tillers	8432.802	0	09	F		F	15	F	0	F	0	F	0	F	0	F
Deep tube wells	8413.8100	0	100	F		F	0	F	0	F	0	F	0	F (0	F
Power pumps	8413.8100	0	100	F		Ľ	0	ī.	0	F	0	된	0	F (0	II.

Source: Ministry of Commerce, Import policies for respective years.

Notes:

F = Free/no import restriction.

R = Import is restricted in some way, either partially restricted or subject to fulfillment of some prior conditions.

B = Import is completely banned.

a = Tapioca flour is importable only by the recognized industrial units producing starches and glucose, with prior clearance from the Director General of the Department of Industries, then existing.

b = All cereal products under this code except tapioca flour was banned.

c-d = All items except soyamilk, whey, butter, or cream powder and butter cream milk and condensed milk were importable only by foreign exchange earning hotels subject to the prescribed conditions.

e = Import of eggs is banned except hatching eggs.

f = Only hatching eggs are importable with prior clearance from the livestock department and other conditions.